Notes to Standalone Financial Statement

for year ended March 31, 2021

(All amounts in crores, unless otherwise stated)

1 GENERAL INFORMATION

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

The financial statements were approved for issue in accordance with a resolution of the directors on May 25, 2021.

2 SIGNIFICANT ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS AND APPLICABLITY OF NEW AND REVISED IND AS

2.1 Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), and the provisions of the Companies Act ,2013 ('the Act') (to the extent notified) The Ind AS are prescribed under Section 133 of the Act read with Rule3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

2.2 Basis of preparation and presentation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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

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

2.3 Revenue recognition

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

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue recognised from major business activities:

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2.3.1 Sale of goods:

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

2.3.2 Rendering of services

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

2.3.3 Dividend and interest income

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.3.4 Rental income

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

2.4 Government grants

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

Government grants recoverable upto financial year 2017-18 are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

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

2.5 Borrowing costs

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

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

2.6 Foreign currencies

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

2.7 Employee benefits

2.7.1 Retirement benefit costs and termination benefits

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising

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actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

b. net interest expense or income; and

c. re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

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

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.7.2 Short-term and other long-term employee benefits

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

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

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

2.8 Share-based payment arrangements

Share-based payment transactions of the Company

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

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

2.9 Taxation

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

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's

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current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

2.9.2 Deferred tax

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

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

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

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

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

2.9.3 Current and deferred tax for the year

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

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

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

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

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

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

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2.10 Property, plant and equipment (PPE)

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

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

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

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

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

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

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

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

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

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

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

2.11 Intangible assets

2.11.1 Intangible assets acquired separately

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

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

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2.11.2 De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.11.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer softwares	6 years
Contribution to CETP	5 years
Right to use power lines	5 Years

2.12 Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

2.13 Leases

The Company as Lessee

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

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

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these

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options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method.In respect of leases previously classified as an operating lease applying Ind AS 17, the company adopts the transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before transition option to recognise Right-of-Use asset (ROU) at an amount equal to the lease liability, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate. Comparatives as at and for the year ended March 31, 2020 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2020.

On transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset of ₹ 1.67 crore and a lease liability of ₹1.67 crore. Further, in respect of leases which were classified as operating leases, applying Ind AS 17, ₹ 7.22 crores has been reclassified from “Other Assets” to “Right of Use Asset”. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

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2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2020 under Ind AS 17 disclosed under Note 44 of the 2019 Annual Report and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9%."

2.14 Inventories

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

In case of raw materials at weighted average cost plus direct expenses. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

In case of stores and spares at weighted average cost plus direct expenses. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

In case of finished goods at raw material cost plus conversion costs, packing cost, non recoverable indirect taxes (if applicable) and other overheads incurred to bring the goods to their present location and condition.

In case of by-products at estimated realizable value

Net realizable value is the estimated selling price in ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as on asset if it is virtually certain that reimbursements will be received and amount of the receivable can be measured reliably.

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

2.16 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the

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acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.16.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.16.1.1 Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

a. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

b. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

a. the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

b. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for instruments measured at Fair value through other comprehensive income (FVTOCI). All other financial assets are subsequently measured at fair value.

2.16.1.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.16.1.3 Investments in equity instruments measured at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

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a. it has been acquired principally for the purpose of selling it in the near term; or

b. on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

c. it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

2.16.1.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL/ FVTOCI.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.16.1.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit

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losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. The Company follows simplified approach for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.16.1.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.16.1.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

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For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

2.16.2 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

2.16.2.1 Financial liabilities at fair value through profit and loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

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

b. on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

c. it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b. the financial liability forms part of group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c. it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the statement of profit and loss.

2.16.2.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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2.16.2.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16.3 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and to manage its exposure to imported raw material price risk including foreign exchange forward contracts and commodities future contracts. Further details of derivative financial instruments are disclosed in note 37.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

2.16.4 Equity instrument

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

Debt or equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

The equity shares of the Company held by it through a trust are presented as deduction from total equity, until they are cancelled or sold.

2.17 Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

2.18 Assets held for sale

The Company classifies non current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale/ distribution

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should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn."

2.19 Significant accounting judgements, estimates and assumptions

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

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

2.19.1 Key sources of uncertainty

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

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

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

2.19.1.1 Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2.19.1.2 Useful lives of depreciable tangible assets and intangible assets

Management reviews the useful lives of depreciable/amortisable assets at each reporting date.

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As at March 31, 2021 management assessed that the useful lives represent the expected utility of the assets to the Company.

2.19.1.3 Fair Value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company approves the fair values determined by the Chief Financial Officer of the Company including determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Chief Financial Officer works closely with the qualified external valuers to establish appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 37.

2.19.1.4 Contingent Liability

In ordinary course of business, the Company faces claims by various parties. The Company annually assesses such claims and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosures in the financial statements but does not record a liability in its financial statements unless the loss becomes probable.

2.19.1.5 Income Tax

The Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

2.19.1.6 Inventory

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market driven changes.

2.20 Applicability of new and revised IND AS

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2020, notifies new standards or amendments to the standards. There is no such new notification which would be applicable from April 1, 2021.

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

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of		
Freehold land	101.40	100.48
Buildings	962.49	932.91
Plant and equipment	2,296.40	2,404.29
Furniture and fixtures	8.74	8.58
Vehicles	6.50	7.86
Office equipment	13.87	16.42
Total Property, plant and equipment	**3,389.40**	**3,470.54**
Capital work-in-progress	**73.92**	**139.42**
	3,463.32	**3,609.96**

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Cost or Deemed Cost							
Balance at April 1, 2019	**93.45**	**924.11**	**3,060.48**	**11.53**	**12.49**	**44.62**	**4,146.68**
Addition	7.44	155.97	562.82	2.54	2.09	5.32	736.18
Disposal/Adjustments	(0.41)	(0.12)	(18.66)	(0.18)	(0.62)	(0.06)	(20.05)
Balance at March 31, 2020	**100.48**	**1,079.96**	**3,604.64**	**13.89**	**13.96**	**49.88**	**4,862.81**
Addition	0.94	68.20	197.12	1.80	0.68	3.57	272.31
Transfer/Adjustments	(0.01)	(1.61)	(4.79)	(0.08)	(0.85)	(0.34)	(7.68)
Balance at March 31, 2021	**101.41**	**1,146.55**	**3,796.97**	**15.61**	**13.79**	**53.11**	**5,127.44**
Accumulated depreciation							
Balance at April 1, 2019	**–**	**112.47**	**940.72**	**4.05**	**5.05**	**27.15**	**1,089.44**
Depreciation	–	34.58	274.51	1.43	1.57	6.31	318.40
Disposal/Adjustments	–	(0.01)	(14.85)	(0.17)	(0.53)	(0.01)	(15.57)
Balance at March 31, 2020	**–**	**147.04**	**1,200.38**	**5.31**	**6.09**	**33.45**	**1,392.27**
Depreciation	–	37.34	302.40	1.59	1.61	6.04	348.98
Disposal/Adjustments	–	(0.33)	(2.18)	(0.03)	(0.42)	(0.25)	(3.21)
Balance at March 31, 2021	**–**	**184.05**	**1,500.60**	**6.87**	**7.28**	**39.24**	**1,738.04**
Carrying amount							
Balance at April 1, 2019	**93.45**	**811.64**	**2,119.76**	**7.48**	**7.44**	**17.47**	**3,057.24**
Addition	7.44	155.97	562.82	2.54	2.09	5.32	736.18
Disposal/Adjustments	(0.41)	(0.11)	(3.81)	(0.01)	(0.09)	(0.05)	(4.48)
Depreciation	–	(34.58)	(274.51)	(1.43)	(1.57)	(6.31)	(318.40)
Balance at March 31, 2020	**100.48**	**932.92**	**2,404.26**	**8.58**	**7.87**	**16.43**	**3,470.54**
Addition	0.94	68.20	197.12	1.80	0.68	3.57	272.31
Disposal/Adjustments	(0.01)	(1.28)	(2.61)	(0.05)	(0.43)	(0.09)	(4.47)
Depreciation	–	(37.34)	(302.40)	(1.59)	(1.61)	(6.04)	(348.98)
Balance at March 31, 2021	**101.41**	**962.50**	**2,296.37**	**8.74**	**6.51**	**13.87**	**3,389.40**

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

Notes on property, plant and equipment

1 Refer to note 18 (a) for information on property, plant and equipment pledged as security by the Company.

2 Buildings includes Rs. 2.48 Crores (March 31, 2020: Rs. 2.48 Crores) cost of residential flats at Mandideep, the land cost of which has not been excluded from this cost. The depreciation for the year has been taken on the entire cost.

3 As per the amendment in Ind-AS 20 “Government Grants” w.e.f April 1, 2018, the Company has opted to present the grant related to assets as deduction from the carrying value of such specific assets. For financial year 2020-21 such amount deducted from Property, Plant and Equipment is Rs. Nil (FY 19-20 Rs.0.25 Crores).

4 The Company has availed benefit under Export Promotion Capital Goods (EPCG) scheme amounting to Rs. 7.11 Crores (FY 19-20 Rs.8.08 Cr) (related to non cenvatable portion of total duty saved) for financial year 2020-21, such benefit is related to Property, Plant and Equipment and Capital work in progress.

5 Borrowing cost capitalised during the year Rs.Nil Crores (March 31, 2020 0.93 Crores)

6 Also refer Note 2.10 for option used by the Company to use carrying value of previous GAAP as deemed cost as on April 1, 2015.

3B Intangible assets

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of		
Computer Softwares	1.69	1.82
Contribution to CETP	–	–
Right to use power lines	–	–
	1.69	**1.82**

Particulars	Computer Softwares	Contribution to CETP	Right to use power lines	Total
Cost or Deemed Cost				
Balance as at April 01, 2019	**11.95**	**0.64**	**4.50**	**17.09**
Addition	0.90	–	–	0.90
Disposal	–	–	–	–
Balance as at March 31, 2020	**12.85**	**0.64**	**4.50**	**17.99**
Addition	0.89	–	–	0.89
Disposal	–	–	–	–
Balance as at March 31, 2021	**13.74**	**0.64**	**4.50**	**18.88**
Accumulated amortisation				
Balance as at April 01, 2019	**10.35**	**0.64**	**4.50**	**15.49**
Amortisation expenses	0.68	–	–	0.68
Disposal	–	–	–	–
Balance as at March 31, 2020	**11.03**	**0.64**	**4.50**	**16.17**

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3B Intangible assets (Contd..)

Particulars	Computer Softwares	Contribution to CETP	Right to use power lines	Total
Amortisation expenses	1.02	–	–	1.02
Disposal	–	–	–	–
Balance as at March 31, 2021	**12.05**	**0.64**	**4.50**	**17.19**
Carrying amount				
Balance as at April 01, 2019	**1.60**	**–**	**–**	**1.60**
Addition	0.90			0.90
Disposal	–	–	–	–
Amortisation expenses	(0.68)	–	–	(0.68)
Balance as at March 31, 2020	**1.82**	**–**	**–**	**1.82**
Addition	0.89	–	–	0.89
Disposal	–	–	–	–
Amortisation expenses	(1.02)	–	–	(1.02)
Balance as at March 31, 2021	**1.69**	**–**	**–**	**1.69**

Note: These intangible assets are not internally generated

Also refer Note 2.11.1 for option used by the Company to use carrying value of previous GAAP as deemed cost as on April 1, 2015.

4 **Investments (Non Current)

Particulars	As at March 31, 2021	As at March 31, 2020
I TRADE INVESTMENTS (at cost/carrying value)		
Financial assets carried at cost		
a. Investment in equity instruments		
(i) Investment in subsidiaries (quoted)		
5,68,51,144 (March 31, 2020: 5,68,51,144) Equity shares of Rs. 10/- each fully paid up of Vardhman Acrylics Limited	53.15	53.15
(ii) Investment in subsidiaries (unquoted)		
2,07,00,248 (March 31, 2020: 2,07,00,248) Equity shares of Rs. 10/- each fully paid up of VMT Spinning Company Limited	39.62	39.62
40,00,000 (March 31, 2020: 40,00,000) Equity shares of Rs. 10/- each fully paid up of VTL Investments Limited	4.04	4.04
1,40,00,000 (March 31, 2020: 1,40,00,000) Equity shares of Rs. 10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited	8.51	8.51
(iii) Investment in Associates		
Quoted		
97,08,333 (March 31, 2020: 97,08,333) Equity shares of Rs. 10/- each fully paid up of Vardhman Special Steels Limited	25.24	25.24

Notes to Standalone Financial Statement

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

Particulars	As at March 31, 2021	As at March 31, 2020
Unquoted		
62,69,699(March 31, 2020: 62,69,699) Equity shares of Rs. 10/- each fully paid up of Vardhman Yarns & Threads Limited	27.50	27.50
25,000 (March 31, 2020 : 25,000) Equity shares of Rs.10/- each fully paid-up of Vardhman Spinning and General Mills Limited	0.03	0.03
b. Investment in preference instruments (unquoted)		
(i) Investment in subsidiary		
1,00,00,000 (March 31, 2020: 1,00,00,000) 10% non-cumulative convertible preference shares of Rs. 10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited	10.00	10.00
Financial assets measured at fair value through other comprehensive income		
(i) Investment in equity instruments (unquoted)		
41,000 (March 31, 2020: 41,000) Equity-Shares of Rs. 10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)	0.11	0.09
1,40,625 (March 31, 2020: 1,40,625) Equity shares of Rs. 10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited	1.84	1.66
2,225 (March 31, 2020: 2,225) Equity shares of Rs. 10/- each fully paid-up of Devakar Investment & Trading Company Private Limited	0.20	0.23
Other Investments:-		
Financial assets measured at fair value through Profit and loss		
(i) Investment in Bonds/ Preference shares/ Debentures/Mutual Funds (quoted)		
*** 6,660 (March 31, 2020 :6,660) 17.38% Non-convertible redeemable cumulative preference shares of Rs.7,500/- each fully paid of IL&FS Financial Services Limited	-	-
*** 10,000 (March 31, 2020:10,000) 16.46% Non-convertible redeemable cumulative preference shares of Rs. 7,500/- each fully paid of Infrastructure Leasing & Financial Services Limited	-	-
9,24,143 (March 31, 2020:NIL) units of Rs.1000/- each of BHARAT Bond ETF - April 2030 -Growth	104.83	-
4,99,97,500.125 (March 31, 2020:NIL) units of Rs.1000/- each of Edelweiss NIFTY PSU Bond Plus SDL Index Fund - 2026 - Direct Plan Growth - P6D1	50.54	-
* Nil (March 31, 2020 :5,00,00,000) units of Rs.10/- each of Kotak FMP Series 216 Direct-Growth	-	59.70
* Nil (March 31, 2020:4,00,00,000) units of Rs.10/- each of Aditya Birla Sunlife Fixed Term Plan Series-PI (1140 Days) -Direct Growth	-	47.28
* Nil (March 31, 2020: 2,50,00,000) units of Rs.10/- each of HDFC FMP 1158 Days Direct Growth	-	29.72

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

Particulars	As at March 31, 2021	As at March 31, 2020
* Nil (March 31, 2020: 1,50,00,000) units of Rs.10/- each of UTI Fixed Term Income Fund Series XXIV-XIV (1831 Days) Direct Growth Plan	–	20.54
* Nil (March 31, 2020: 5,00,00,000)units of Rs.10/- each of SBI Debt Fund Series C - 10 (1150 DAYS) Direct Growth	–	59.22
* Nil (March 31, 2020 : 5,00,00,000) units of Rs.10/- each of ICICI Prudential Fixed Maturity Plan Series 82-1203 days Plan K-Direct Plan Cumulative	–	59.48
3,24,12,364 (March 31, 2020: 3,24,12,364) units of Rs.10/- each of Kotak FMP Series 254 - 1250 Days -Direct Plan - Growth	40.21	37.05
6,50,00,000 (March 31, 2020: 6,50,00,000) units of Rs.10/- each of Kotak FMP Series 251 - 1265 Days -Direct Plan - Growth	81.55	75.14
4,99,97,500.125 (March 31, 2020: Nil) units of Rs.10/- each of SBI FMP Series 41 - 1498 Days -Direct Growth	50.00	–
2,99,98,500.075 (March 31, 2020: Nil) units of Rs.10/- each of SBI FMP Series 42 - 1857 Days -Direct Growth	30.00	–
2,50,00,000.100 (March 31, 2020:NIL) units of Rs.1000/- each of IDFC Gilt 2027 Index Fund Direct Plan- Growth	25.06	–
	552.43	**558.20**
1. Aggregate book value of quoted investments	460.60	466.55
2. Aggregate Market Value of quoted investments	724.77	580.37
3. Aggregate carrying value of unquoted investments	91.83	91.65

* Investments having maturity period of less than 12 months from March 31, 2021 i.e. the balance sheet date have been reclassified as ' Current Investment' during the year.

**Refer Note 37

*** Investment in preference shares of IL&FS group companies aggregating to Rs. 24.90 crores. In view of the uncertainty prevailing with respect to recovery of the investment value from the IL&FS group, the Management has measured such investments at Rs. NIL (March 31,2020 Rs.NIL) and recorded adjustment as FVTPL .

5 Loans (Non Current)

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets at amortized cost		
(unsecured considered good unless otherwise stated)		
Loan to employees	1.31	1.48
	1.31	**1.48**

Notes to Standalone Financial Statement

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6 *Other Financial Assets (Non Current)

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets at amortized cost		
(unsecured considered good unless otherwise stated)		
Fixed Deposits with banks more than twelve months maturity	169.72	0.02
Interest Receivable	3.32	0.02
Other Recoverable	0.89	5.15
	173.93	**5.19**

*Refer Note 37

7 Other Non Current Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Non Financial Assets at amortized cost		
(unsecured considered good unless otherwise stated)		
Capital advances	20.04	22.00
Balance with government authorities	6.18	6.40
Prepaid (Deferred) Expense for employee benefit	0.08	0.20
Security deposits	36.79	33.78
Prepaid expenses-others	1.56	0.73
	64.65	**63.11**

8 Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
(at cost or net realisable value, whichever is lower)		
Raw materials*	1,849.50	1,647.35
Work-in-progress	159.11	159.34
Finished Goods	461.05	522.44
Stores and Spares*	154.54	177.03
	2,624.20	**2,506.16**
***above items include goods in transit as per below**		
Raw materials	10.02	40.91
Stores and Spares	13.93	13.77
	23.95	**54.68**

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs.2,999.62 Crores (March 31, 2020: Rs. 3,332.63 Crores)

(ii) Refer to Note 18(a) and 23 for information on inventories pledged as security by the Company.

(iii) The method of valuation of inventories has been stated in note 2.14.

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

9 *Other Investments (Current)

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets measured at fair value through Profit and loss		
Investment in Liquid Funds (Quoted)		
Nil (March 31, 2020: 5,59,391) units of Rs.1000/- each of SBI Overnight Fund	–	182.01
Nil (March 31,2020: 30,561.81) units of Rs.1000/-each of Kotak Liquid Fund	–	12.27
62,656.588 (March 31,2020: NIL) units of Rs.1000/-each of SBI Overnight Fund Direct Growth	21.00	–
Investment in Debt Funds/ Monthly Income Plans/Debentures/Bonds (Quoted)		
# 5,00,00,000 (March 31, 2020 :NIL) units of Rs.10/- each of Kotak FMP Series 216 Direct-Growth	63.80	–
# 4,00,00,000 (March 31, 2020:NIL) units of Rs.10/- each of Aditya Birla Sunlife Fixed Term Plan Series-PI (1140 Days) -Direct Growth	50.32	–
# 2,50,00,000 (March 31, 2020: NIL) units of Rs.10/- each of HDFC FMP 1158 Days Direct Growth	31.48	–
# 1,50,00,000 (March 31, 2020: NIL) units of Rs.10/- each of UTI Fixed Term Income Fund Series XXIV-XIV (1831 Days)Direct Growth Plan	21.87	–
# 5,00,00,000 (March 31, 2020: NIL)units of Rs.10/- each of SBI Debt Fund Series C - 10 (1150 DAYS) Direct Growth	62.97	–
# 5,00,00,000 (March 31, 2020 : NIL) units of Rs.10/- each of ICICI Prudential Fixed Maturity Plan Series 82-1203 days Plan K-Direct Plan Cumulative	63.17	–
Nil (March 31, 2020:2,50,00,000) units of Rs.10/- each of Aditya Birla Sunlife Fixed Term Plan Series OK -Growth-Direct (1135 Days)	–	31.04
Nil (March 31, 2020: 2,50,00,000) units of Rs.10/- each of ICICI Prudential FMP Series 80-1233 Days Plan Direct Plan Cumulative	–	31.22
Nil (March 31, 2020: 3,50,00,000) units of Rs.10/- each of Kotak FMP Series 202 Direct - Growth	–	43.31
Nil (March 31, 2020: 2,50,00,000) units of Rs. 10/- each of Nippon India Fixed Horizon Fund- XXXIII- Series 3- Direct Plan Growth Plan	–	31.29
Nil (March 31, 2020: 2,50,00,000) units of Rs.10/- each of Nippon India Fixed Horizon Fund- XXXIII- Series 4- Direct Plan Growth Plan	–	31.29
Nil (March 31, 2020:2,50,00,000) units of Rs.10/- each of SBI Debt Fund Series -B 49 - (1170 Day) Direct Growth	–	31.00
Nil (March 31, 2020: 4,00,00,000) units of Rs.10/- each of Kotak FMP Series 200 Direct - Growth	–	49.68
Investment in preference shares (unquoted)		
NIL (March 31, 2020:12,50,000) 8.20% cumulative compulsorily convertible preference shares of Rs.100 each of Tata motor Finance Limited (formerly known as Sheeba Properties Limited)	–	28.93
Investment in equity Share (Quoted)		
5,30,000 (March 31, 2020 :5,80,000) Equity shares of Rs. 1 /- each fully paid up of Welspun India Limited	4.29	1.25
	318.90	**473.29**
1.Aggregate amount of quoted investments	318.90	444.36
2.Aggregate market value of quoted investments	318.90	444.36
3.Aggregate carrying value of unquoted investments	–	28.93

Investments having maturity period of less than 12 months from March 31, 2021 i.e. the balance sheet date have been reclassified as 'Current investment' during the year.

* Refer note 37

Notes to Standalone Financial Statement

for year ended March 31, 2021

(All amounts in crores, unless otherwise stated)

10 *Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Receivable from related parties (Refer Note 46)		
– Unsecured, considered good	4.78	8.72
Receivable from others		
– Secured, considered good	–	–
– Unsecured considered good	981.82	786.09
– Significant increase in Credit risk	2.12	2.12
– Credit impaired	–	–
Less:- Allowances for doubtful trade receivables	(2.12)	(2.12)
	986.60	**794.81**

(i) The credit period allowed on sales generally vary, on case to case basis, business to business, based on market conditions, maximum credit period allowed is 45 days (2019-20 - 45 days) in case of domestic yarn and 90 days (2019-20 - 90 days) in case of domestic fabric. In case of exports, maximum credit period of 120 days (2019-20 - 120 days) against letter of credit is provided.

(ii) There are no major customers that represent more than 10% of total balances of trade receivables.

	Particulars	Expected Credit Loss	
		As at March 31, 2021	As at March 31, 2020
(iii)	Ageing of provision of doubtful trade receivables		
	Less than 180 days	–	1.93
	More than 180 days	2.12	0.19
		2.12	**2.12**
(iv)	Age of Receivables:		
	Less than 180 days	976.19	792.13
	More than 180 days	12.53	4.80
		988.72	**796.93**
(v)	Movement in expected credit loss allowance		
	Balance at the beginning of the year	2.12	4.97
	Reversal of provision during year	–	(4.78)
	Provision provided during the year	–	1.93
	Balance at the end of the year	**2.12**	**2.12**

(vi) The concentration of credit risk is limited due to the fact that customer base is large and unrelated.

* Refer note 37

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

11 Cash and cash equivalents#

For the purpose of financial statements cash and cash equivalents include cash on hand and bank balances. Cash and cash equivalent at the end of reporting period can be reconciled to the related items in balance sheet as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
a) Balances with banks		
– In current accounts	30.36	133.05
– In deposit accounts with maturity upto three months	–	14.39
b) Cheques on hand	0.64	0.84
c) Cash on hand	0.17	0.18
	31.17	**148.46**

#Refer note 37

11A Bank Balances other than Cash and cash equivalents#

Particulars	As at March 31, 2021	As at March 31, 2020
a) Other bank balances		
– Earmarked balances with banks*	4.70	2.99
– Deposits with more than twelve months maturity	169.72	0.02
– Deposits with more than three months but less than twelve months maturity	30.57	0.26
	204.99	3.27
Less: Amounts disclosed as other financial non current assets (Refer note 6)	169.72	0.02
	35.27	**3.25**

* Earmarked balances with banks includes Rs. 2.69 crores (March 31, 2020: Rs. 2.98 crores) pertaining to dividend accounts with banks and Rs.2.01 crores (March 31, 2020:Rs 0.01 crores) pledged with government authorities and others.

Refer note 37

12 Loans (Current)#

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets at amortized cost		
(Unsecured and considered good), unless otherwise stated		
Loans to related parties (Refer note 46)		
- Subsidiary companies	61.99	26.99
Loan to employees	1.28	2.73
	63.27	**29.72**

Refer note 37

Notes to Standalone Financial Statement

for year ended March 31, 2021

(All amounts in crores, unless otherwise stated)

13 Other financial assets (Current)**

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets at amortized cost		
(Unsecured and considered good), unless otherwise stated		
Recoverable from related parties (Refer Note 46)	0.04	0.03
Interest receivable (including from related parties) (Refer Note 46)	4.62	1.70
Claims receivable	3.05	1.36
Other Recoverable	24.46	7.94
Financial assets at Fair value through Profit and loss		
Derivative Financial Instruments*	17.85	–
	50.02	**11.03**

* The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk including foreign exchange forward contracts. For further details of derivative financial instruments refer note 37.

** Refer note 37

14 Current tax

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax assets (net)		
Taxes paid (net)	–	65.82
Current tax liabilities (net)		
Income-tax payable (net)	11.17	–

15 Other current assets

Particulars	As at March 31, 2021	As at March 31, 2020
(Unsecured and considered good), unless otherwise stated		
Amount recoverable from Mahavir Share Trust in respect of shares Held in Trust (Refer note 40)	4.65	4.65
Advances to suppliers	101.50	85.01
Balance with government authorities	263.61	233.67
Prepaid (Deferred) Expense for employee benefit	0.17	0.32
Gratuity Trust	1.86	–
Prepaid expenses others	6.79	6.61
Other recoverable :		
– Considered good	184.63	115.21
– Considered Doubtful	0.01	0.02
Less: Allowances for doubtful other recoverable	(0.01)	(0.02)
	184.63	115.21
	563.21	**445.47**

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

15A Assets Held for sale

Particulars	As at March 31, 2021	As at March 31, 2020
Land held for Sale	0.15	0.15
	0.15	**0.15**

The company intends to dispose off a parcel of freehold land it no longer utilises in the next 12 months. No impairment loss was recognised on reclassification of the land as held for sale as at March 31, 2021 as the company had received advance of Rs.1.50 Crore (March 31,2020-Rs.1.00 Crores) shown in other current liabilities (Refer Note.26) against Sales Value of 1.50 Crore.

16 Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised share capital:		
9,00,00,000 equity shares of Rs. 10 each (March 31, 2020: 9,00,00,000 equity shares of Rs. 10 each)	90.00	90.00
1,00,00,000 redeemable cumulative preference shares of Rs. 10 each (March 31, 2020: 1,00,00,000 redeemable cumulative preference shares of Rs. 10 each)	10.00	10.00
	100.00	**100.00**
Issued, subscribed and fully paid up share capital comprises:		
5,75,62,560 equity shares of Rs. 10 each (March 31, 2020: 5,75,18,760 equity shares of Rs. 10 each)	57.56	57.52
	57.56	**57.52**

16.1 Rights, preference and restriction attached to equity shares

The Company has one class of equity shares having a par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

16.2 Rights, preference and restriction attached to preference shares

The rate of dividend on preference shares will be decided by the Board of Directors as and when issued. Preferential shares as and when issued shall have the cumulative right to receive dividend as and when declared and shall have preferential right of repayment on amount of capital.

16.3 As per Employee Stock Options Scheme 2016, senior employees of the Company were offered 6,14,000 options (for details refer note 45). The vesting for due options began from financial year 2016-17 and 99,300 options/shares (1,06,200 options/shares 2019-20) vested during the year 2020-21. Out of these, 43,800 shares/options (FY 2019-20 40,600 shares/options) have been alloted. Share options granted under Company's employee share option plan carry right to dividend and voting rights at par with other equity holders.

Notes to Standalone Financial Statement
for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

16 Equity share capital (Contd..)

16.4 Reconciliation of number of shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	5,75,18,760	57.52	5,74,78,160	57.48
Add: Issue of equity shares under employee stock option plan (Refer note 45)	43,800	0.04	40,600	0.04
Balance as at the end of the year	**5,75,62,560**	**57.56**	**5,75,18,760**	**57.52**

16.5 Details of shares held by the holding Company

There is no Holding / Ultimate Holding Company of the Company

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Devakar Investment and Trading Company Private Limited	63,37,564	11.01%	62,36,506	10.84%
Adishwar Enterprises LLP	1,03,18,863	17.93%	1,03,18,863	17.94%
Vardhman Holdings Limited	1,58,95,095	27.61%	1,53,53,628	26.69%
HDFC Trustee Company Ltd	34,97,558	6.08%	29,50,460	5.13%

17 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Share application money pending allotment	5.62	–
Capital reserve	1.24	1.24
Capital redemption reserve	6.26	6.26
Security premium	18.92	13.57
Debenture redemption reserve	57.62	57.62
Share options outstanding account	12.39	14.71
General reserve	1,377.74	1,375.09
Retained earnings	4,493.87	4,139.04
Equity instrument through other comprehensive income	1.29	1.16
	5,974.95	**5,608.69**

Notes to Standalone Financial Statement

for year ended March 31, 2021

(All amounts in crores, unless otherwise stated)

Particulars	Share application money pending allotment	Reserves and Surplus							Item of other comprehensive income	Total
		Capital reserve	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance at April 01, 2019	**1.13**	**1.24**	**6.26**	**10.18**	**49.68**	**15.23**	**1,373.60**	**3,723.11**	**1.19**	**5,181.62**
Profit for the year	–	–	–	–	–	–	–	545.49	–	545.49
Other comprehensive income for the year, net of income tax	–	–	–	–	–	–	–	(3.23)	(0.03)	(3.26)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**542.26**	**(0.03)**	**542.23**
Final Equity Dividend for the financial year 2018-19 (Amount Rs. 17.50 per share)		–	–	–	–	–	–	(100.62)	–	(100.62)
Tax on Dividend	–	–	–	–	–	–	–	(17.76)	–	(17.76)
Employee stock options accrued/(Lapsed) during April-March 2020 (Refer note 45)	–	–	–	–	–	0.97	–	–	–	0.97
Transfer to equity shares due to issue of employee stock options (Refer note 45)	(1.13)	–	–	–	–	–	–	–	–	(1.13)
Securities premium on shares under Employee stock options	–	–	–	3.39	–	–	–	–	–	3.39
Transfer from Employee Stock Options accounts to General Reserve	–	–	–	–	–	(1.49)	1.49	–	–	–
Transfer to debenture redemption reserve on account of issue of debentures	–	–	–	–	7.94	–	–	(7.94)	–	–
Balance at March 31, 2020	**–**	**1.24**	**6.26**	**13.57**	**57.62**	**14.71**	**1,375.09**	**4,139.04**	**1.16**	**5,608.69**
Profit for the year	–	–	–	–	–	–	–	350.41	–	350.41
Other comprehensive income for the year, net of income tax	–	–	–	–	–	–	–	4.42	0.13	4.55
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**354.83**	**0.13**	**354.96**
Employee stock options accrued/(Lapsed) during April-March 2021 (Refer note 45)	–	–	–	–	–	2.16	–	–	–	2.16
Share Application Money received under employee stock options.	5.62	–	–	–	–	–	–	–	–	5.62
Transfer to equity shares due to issue of employee stock options (Refer note 45)	–	–	–	–	–	(1.83)	–	–	–	(1.83)
Securities premium on shares under Employee stock options	–	–	–	5.35	–	–	–	–	–	5.35
Transfer from Employee Stock Options accounts to General Reserve	–	–	–	–	–	(2.65)	2.65	–	–	–
Balance at March 31, 2021	**5.62**	**1.24**	**6.26**	**18.92**	**57.62**	**12.39**	**1,377.74**	**4,493.87**	**1.29**	**5,974.95**

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

17 Other equity (Contd..)

a. Share application money pending allotment

It represents money received from senior employees under the Company's employee share option scheme.

b. Capital reserve

Capital reserve represents reserve recognised on amalgamation being the difference between consideration amount and net assets of the transferor Company.

c. Capital redemption reserve

Capital Redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a Company's own shares.

d. Securities premium

Securities premium represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.

e. Debenture redemption reserve

The Company has issued non convertible debentures in Financial Year 2017-18 and as per the provisions of the Companies Act, 2013 , it is required to create debenture redemption reserve out of the profits available for payment of dividend.The company has discontinued creation of DRR as per MCA notification no.464 dated August 16,2019.

f. Share options outstanding account

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

g. General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

h. Retained earnings

Retained earnings represents amount that can be distributed by the Company to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act 2013.

i. Equity instrument through other comprehensive income

Reserve for equity instruments through other comprehensive income represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amount reclassified to retained earnings when those assets have been disposed off.

Notes to Standalone Financial Statement

for year ended March 31, 2021

(All amounts in crores, unless otherwise stated)

18 Borrowings (Non Current)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured - at amortised cost		
Term loans		
** From banks*	1,035.74	973.75
Less: Current maturities (refer note-25)	133.94	57.41
	901.80	**916.34**
Debentures		
Series A 7.59% 1,500 Debentures of Rs.10,00,000/-each	–	150.00
Series B 7.69% 1,500 Debentures of Rs.10,00,000/-each	150.00	150.00
Series C 7.75% 1,998 Debentures of Rs.10,00,000/-each	199.80	199.80
6.83% 1,950 Debentures of Rs. 10,00,000/- each	195.00	–
Less: Current maturities of Debentures (refer note-25)	150.00	150.00
	394.80	**349.80**
Total	**1,296.60**	**1,266.14**

* Net of unamortized processing charges: March 31, 2021: Rs.1.08 crores (March 31, 2020 Rs. 1.77 crores)

** Includes External Commercial borrowing from Citi bank amounting Rs.43.87 Crores (March 31,2020 Rs.45.42 Crores)

(a) Term loans from banks are secured as follows:-

(1) 1st pari passu charge :-Hypothecation of entire fixed assets of the Company (both present and future) including equitable mortgage.

(2) 2nd pari passu charge:-Hypothecation of stocks of raw material, stock in process and finished goods, receivables/ book debts and other current assets (both present and future).

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

CRISIL has assigned a rating of AA+ with Stable outlook to the said NCDs of the Company on December 18, 2020. The NCDs shall be secured by way of a first pari passu charge over the immovable and movable fixed assets of the Company and it should have fixed asset cover of more than 1.25 times of outstanding amount of NCDs.The Fixed Asset coverage ratio as on March 31, 2021 is 2.14 times.

(c) The Company had also issued secured, rated listed Redeemable Non-convertible Debentures (NCDs) aggregating to Rs. 499.80 crores for cash at par on private placement basis on September 8, 2017. The NCDs are listed at the Bombay Stock Exchange of India (BSE) and comprise of three series repayable in third, fourth and fifth years and have an overall yield of 7.69% per annum.During the year 1,500 7.59% Series A NCDs of Rs.10 lacs each amounting to Rs.150 Cr were redeemed on 08-September 2020.

CRISIL has assigned a rating of AA+ with Stable outlook to the said NCDs of the Company on December 18, 2020. These NCDs are secured by way of a first pari passu charge over the immovable and movable fixed assets of the Company and it should have fixed asset cover of more than 1.05 times of outstanding amount of NCDs.The Fixed Asset coverage ratio as on March 31, 2021 is 2.14 times.

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

18 Borrowings (Non Current) (Contd..)

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

(e) Terms of repayment of loan/debentures

Loan Category	Frequency of principal repayments	Interest rate	Repayments during FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-26	Total
Term loans	Quarterly Payments	6.70% to 8.50%	133.94	263.20	29.25	36.56	462.95
Term loans	Bullet Payments	7.05% to 7.35%	–	2.00	3.00	525.00	530.00
*ECB Loan	Bullet Payments	Libor plus spread of 0.65%.	–	–	14.27	29.60	43.87
7.69% Series B Non-convertible debentures	Yearly	7.69%	150.00	–	–		150.00
7.75% Series C Non-convertible debentures	Yearly	7.75%	–	199.80	–	–	199.80
6.83% Non-convertible debentures	Bullet Payments	6.83%	–	–	195.00	–	195.00
			283.94	**465.00**	**241.52**	**591.16**	**1,581.62**

(f) Also refer note 37 for fair value disclosures.

* External commercial borrowing from Citi bank for capital expenditure is repayable in 3 equal installments beginning from end of 54 months, 57 months and 60 months carries an interest rate of 3M Libor plus spread of 0.65%.

19 Other financial liabilities (Non Current)*

Particulars	As at March 31, 2021	As at March 31, 2020
Financial liabilities at amortized cost		
Retention money	2.81	3.98
	2.81	**3.98**

* Refer note 37

A Lease liabilities (Non Current)*

Particulars	As at March 31, 2021	As at March 31, 2020
Financial liabilities at amortized cost		
Lease Liability	0.16	0.15
	0.16	**0.15**

*Refer Note:-44

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

20 Provisions (Non Current)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits :		
- Leave (Refer note 47)	15.26	14.45
	15.26	**14.45**

The provision for employee benefit include annual leave and vested long service leave entitlement accrued of employees.

21 Deferred tax liabilities (net)*

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities	252.40	242.24
Deferred tax assets	12.86	16.92
	239.54	**225.32**

* Refer note 36

22 Other non-current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Income for Capital subsidy	16.25	18.43
Due to employees	0.09	0.08
Other	1.18	0.81
Total	**17.52**	**19.32**

The deferred revenue arises as a result of the benefits received from state government on account of installation of specified project assets whereby such grant is treated as deferred income and is recognized as income over the useful life of the assets for which such grant is received. W.e.f April 1, 2018 the Company has opted to deduct such grant from the carrying value of the specific asset (Also refer Note 3 to Note 3A)

23 Borrowings (Current)*

Particulars	As at March 31, 2021	As at March 31, 2020
Loans repayment on demand		
– From banks (secured at amortised cost)	550.12	666.00
– From banks (unsecured at amortised cost)	–	57.02
Total	**550.12**	**723.02**

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

23 Borrowings (Current)* (Contd..)

Details of security for working capital borrowings

Working capital borrowings from banks are secured as follows:-

(1) 1st pari passu charge :-Hypothecation of stocks of raw material, stock in process and finished goods, receivables/ book debts and other current assets (both present and future).

(2) 2nd pari passu charge:-Hypothecation of entire fixed assets of the company (both present and future) including equitable mortgage."

Includes NIL (March 31, 2020: Nil) for commercial paper issued by the Company. The maximum amount outstanding during the year is Rs. 450 crores (including interest) (FY 2019-20: Rs. 550.00 crores (including interest)).

* Refer note 37

24 Trade payables*

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables (refer note 43)		
– Total outstanding dues of micro enterprises and small enterprises	13.87	27.23
– Total outstanding dues of other than micro enterprises and small enterprises	232.08	264.69
Due to related parties (Refer Note 46)	1.01	0.00
Total	**246.96**	**291.92**

* Refer note 37

25 Other financial liabilities (Current)**

Particulars	As at March 31, 2021	As at March 31, 2020
Financial liabilities at amortized cost		
Current maturities of non current debt	283.94	207.41
Interest accrued but not due on borrowings	30.02	25.35
Other payables		
– Retention money	9.35	11.89
– Security deposits	1.97	2.22
– Expense payable	24.28	46.03
– Payables for purchase of fixed assets		
– Total outstanding dues of micro enterprises and small enterprises	0.10	–
– Total outstanding dues of other than micro enterprises and small enterprises	16.96	46.88
– Due to employees	74.55	66.45
Financial liabilities at Fair value through Profit and loss		
Derivative Financial Instruments*	2.07	34.96
Total	**443.24**	**441.19**

Notes to Standalone Financial Statement

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

* This includes net mark to market loss of Rs. 2.07 (March 31,2020 : Rs. NIL) on commodities traded through commodities exchange. The Company has taken future/option contracts to hedge against fluctuation of cotton prices and has booked mark to market loss on these contracts in head Other expenses (Refer note 35).

** Refer note 37

26 Other current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory remittances*	19.29	14.76
Deferred Income for Capital subsidy	1.80	1.89
Unpaid dividends **	2.69	2.98
Gratuity	–	9.00
Advances from customers (Contract Liabilities) #	44.36	36.42
Other Liabilities	10.65	6.47
Advance against Sale of Property, Plant and Equipment	1.50	1.00
Total	**80.29**	**72.52**

* Statutory remittances includes contribution to provident fund and employee state insurance corporation, tax deducted/collected at source, goods and service tax etc.

** Unpaid dividends do not include any amount due and outstanding required to be credited to the Investors' Education and Protection Fund.

Advance from customers is recognised when payment is received before the related performance is satisfied.

Particulars	As at March 31, 2021	As at March 31, 2020
As at beginning of the year	36.42	42.38
Less:-Recognised as revenue	(36.42)	(42.38)
Add:- Advances received during the year related to closing balance	44.36	36.42
As at end of the year	**44.36**	**36.42**

27 Provisions (Current)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits : (Refer note 47)		
Leave	2.57	2.46
	2.57	**2.46**

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28 Revenue from operations

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products (Net of Rebate & Discount)**	5,715.64	6,246.57
Sale of services	2.83	3.71
Other operating revenues :		
– Export benefits*	56.69	60.27
– Others	12.48	14.60
	5,787.64	**6,325.15**

Ministry of Corporate affairs had notified Ind AS 115 'Revenue from Contracts with customers' which is effective from April 1, 2018. The new standard outlines a single comprehensive control based model for revenue recognition and supersedes current revenue recognition guidance based on risk and rewards. The company had assessed the impact on the financial statement of adopting IND-AS 115 and it is not expected to have a impact on the company's profitability, liquidity and capital resources as financial position. The Company had not applied any significant judgements in applying the revenue recognition criteria. The introduction of the standard have extended the disclosure requirements and is given below:-

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of Yarn	3,899.99	3,768.27
Sale of Fabric	1,812.38	2,474.45
Service income	2.83	3.71
Others (Sale of scrap, waste etc)	15.75	18.45
	5,730.95	**6,264.88**

The following is analysis on the Companies revenue disaggregates on the basis of timing of revenue recognition.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
– At point of time	5,730.95	6,264.88
– Over the period	–	–
The contract price of sale of products co-incide with the revenue from operations.		
* Export benefits are in the nature of government grants covering following benefits		
(a) Merchandise Exports from India Scheme(MEIS)	7.06	18.95
(b) Duty drawback benefits	49.63	41.32
	56.69	**60.27**

** Revenue from operations does not include Rs.Nil Crores (March 31, 2020 Rs.0.01 Crores) for sales during the trial run which has been capitalised during the year.

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

29 Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest income		
Interest income	26.89	27.29
Interest income on employee loans	0.10	0.10
(b) Dividend income		
Dividend Income from investment carried at cost	5.64	19.85
Dividend income from investments- carried at fair value through Profit or Loss	0.01	11.54
(c) Other Non Operating Income (Net of Expenses directly attributable to such income)		
Net gain on sale of investments-carried at fair value through Profit or Loss (net of fair valuation gain/loss upto previous year)	17.61	19.82
Gain on fair valuation of Investments (Net)	35.63	38.13
(d) Other gain		
Claims received (net of expenses)	1.14	2.33
Provisions no longer required written back	6.57	1.66
Subsidy from Government	27.54	16.27
Net gain on disposal of property, plant and equipment	0.65	4.50
Allowances for doubtful trade receivables and advances written back	–	2.85
Foreign exchange fluctuation gain (net)	41.33	–
Others	26.36	27.64
	189.47	**171.98**

30 Cost of materials consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cotton	2,463.10	2,675.36
Manmade fibre	487.31	595.19
Yarn	38.54	34.00
Fabric	9.13	25.25
Others	1.54	2.83
	2,999.62	**3,332.63**

These expenses do not include amounting Rs.Nil Crore (March 31, 2020 Rs. 1.85 Crore) incurred in trial run which is capitalised during the year.

Notes to Standalone Financial Statement

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(All amounts in crores, unless otherwise stated)

31 Purchases of Stock-in-trade:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Yarn	45.58	50.00
Fabric	–	1.78
Others	1.01	0.27
	46.59	**52.05**

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year		
Work-in-progress	159.34	157.64
Finished goods	522.44	471.62
	681.78	**629.26**
Add:-Material Received from Trial Run	–	2.22
	681.78	**631.48**
Inventories at the end of the year		
Work-in-progress	159.11	159.34
Finished goods	461.05	522.44
	620.16	**681.78**
	61.62	**(50.30)**

33 Employee benefits expense *#

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	506.97	507.30
Contribution to provident and other funds	38.02	37.99
Staff welfare expenses	4.87	5.69
	549.86	**550.98**

* Also refer note 47

These expenses do not include amounting Rs.Nil Crore (March 31, 2020 Rs.0.06 Crore) incurred in trial run which is capitalised during the year.

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(All amounts in crores, unless otherwise stated)

34 Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense*	97.67	121.21
Other borrowing costs	13.76	11.33
	111.43	**132.54**

*Interest expense is net of interest reimbursement of Rs. 14.30 crores (March 31, 2020 - Rs. 21.08 crores) under Technology upgradation fund scheme (TUF) and Rs.29.73 crores (March 31, 2020 - Rs. 16.73 crores) under Madhya Pradesh state interest reimbursement on term loan.

*Borrowing cost capitalised during the year Rs.Nil Crores (March 31, 2020 Rs. 0.93 Crores).

35 Other expenses*

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Power and fuel***	565.70	710.28
Consumption of stores and spare parts	30.65	34.62
Packing materials and charges	74.05	76.69
Dyes and Chemical consumed	154.28	217.84
Rent	2.29	2.74
Repairs and maintenance to buildings	19.09	28.71
Repairs and maintenance to machinery	157.59	175.88
Insurance	13.77	16.25
Rates and taxes	2.18	2.17
Auditors remuneration:		
– Audit fee	0.63	0.55
– Tax audit fee	0.08	0.08
– Reimbursement of expenses	0.01	0.05
– In other capacity (Certification Charges)	0.02	0.09
Bad debts written off	0.37	6.18
Forwarding charges and octroi	143.19	107.84
Commission to selling agents	38.20	39.87
Assets written off	1.82	2.37
Forex Fluctuation Loss (Net)	–	8.11
Cotton Hedging Derivative Loss	87.90	–
Other miscellaneous expenses (Refer note 48.3)#**	98.88	126.69
	1,390.70	**1,557.01**

* Other expenses do not include amounting Rs.Nil Crores (March 31, 2020 Rs.0.06 Crore) incurred in trial run which is capitalised during the year.

** Does not include any item of expenditure with a value of more than 1% of the revenue from operations.

During the year, the company paid Rs.Nil Crores (March 31, 2020 Rs.4.35 crores) political contribution via Electoral Bond Scheme.

*** Power & Fuel expense amount is net of Subsidy amounting Rs.7.36 Crores (March 31,2020 Rs. 7.18 Crores).

Notes to Standalone Financial Statement

for year ended March 31, 2021

(All amounts in crores, unless otherwise stated)

36 Tax balances

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

36.1 Deferred tax liabilities (Net)

Particulars	Opening Balance	Mat Credit Adjustment	Recognised in profit or loss	Recognised in OCI	Closing Balance
2020-21					
Deferred tax assets					
Expenses deductible in future years	11.93	–	0.39	–	12.32
Provision for doubtful debts / advances	0.54	–	–	–	0.54
	12.47	**–**	**0.39**	**–**	**12.86**
Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(231.53)	–	(6.33)	–	(237.86)
Investment in bonds, mutual funds and equity instruments	(10.71)	–	(0.34)	–	(11.05)
Others	4.45		(7.93)		(3.49)
	(237.79)	**–**	**(14.60)**	**–**	**(252.40)**
Net deferred tax liabilities	**(225.32)**	**–**	**(14.21)**	**–**	**(239.54)**

Particulars	Opening Balance	Mat Credit Adjustment	Recognised in profit or loss	Recognised in OCI	Closing Balance
2019-20					
Deferred tax assets					
Expenses deductible in future years	8.46	–	3.47	–	11.93
Provision for doubtful debts / advances	1.75	–	(1.21)	–	0.54
Others	0.18	–	4.27	–	4.45
	10.39	**–**	**6.53**	**–**	**16.92**
Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(293.60)	–	62.07	–	(231.53)
Investment in bonds, mutual funds and equity instruments	(14.26)	–	3.54	0.01	(10.71)
	(307.86)	**–**	**65.61**	**0.01**	**(242.24)**
Net deferred tax liabilities	**(297.47)**	**–**	**72.14**	**0.01**	**(225.32)**

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

Notes to Standalone Financial Statement

for year ended March 31, 2021
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36.2 Income tax recognised in profit or loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax		
In respect of the current year	102.54	129.66
Deferred tax		
In respect of the current year	14.21	(72.14)
Total income tax expense recognised	**116.75**	**57.52**

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	467.16	603.01
Tax at the Indian Tax Rate of 25.168%% (2019-20 : 25.168 %)	117.57	151.77
Differential tax rate on capital gain on sale of investments/mark to market gain on investment	3.79	(0.61)
Effect of exempted dividend income	–	(7.82)
Effect of indexation benefit on value of investment	(7.74)	(5.93)
Deductions u/s 80JJAA	(1.94)	–
Effect of expenses that are not deductible in determining taxable profit	4.01	1.97
Effect of change in tax rate	–	(81.46)
Others	1.06	(0.39)
	116.75	**57.52**

36.3 Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Arising on income and expenses recognised in other comprehensive income		
Net fair value gain on investment in equity shares at FVTOCI	0.04	(0.01)
Remeasurement of defined benefit obligation	1.49	(1.09)
Total income tax recognised in other comprehensive income	**1.53**	**(1.10)**

36.4 The Company during FY 2019-20 had elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised provision for taxation and re-measured its deferred tax liabilities basis the rate prescribed in the said section and the impact of re-measurement of deferred tax liabilities were recognised in previous financial statements.

Notes to Standalone Financial Statement

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

37.1 Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through optimization of debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in note no.18 and offset by cash and bank balances) and total equity of the Company. The Company is not subject to any externally exposed capital requirements.

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants which otherwise would permit the banks to immediately call loans and borrowings. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company's gearing ratio was as follows:

The following table provides detail of the debt and equity at the end of the reporting year:

Particulars	As at March 31, 2021	As at March 31, 2020
Debt	2,130.66	2,196.57
Cash & cash equivalents	31.17	148.46
Net Debt	**2,099.49**	**2,048.11**
Total Equity	**6,032.51**	**5,666.21**
Net debt to equity ratio	0.35	0.36

37.2 Financial instruments by category

Particulars	As at March 31, 2021				As at March 31, 2020			
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTOCI	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTOCI
Financial Assets								
Investments*	701.10	–	–	2.14	861.45	–	–	1.97
Trade Receivables	–	–	986.60	–	–	–	794.81	–
Cash and cash equivalents	–	–	31.17	–	–	–	148.46	–
Bank balances other than above	–	–	35.27	–	–	–	3.25	–
Loans	–	–	64.58	–	–	–	31.20	–
Other financial assets	–	17.85	206.10	–	–	–	16.22	–
	701.10	**17.85**	**1,323.72**	**2.14**	**861.45**	**–**	**993.94**	**1.97**

Notes to Standalone Financial Statement

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#
Financial Liabilities						
Borrowings (including current maturity of term loan)	–	–	2,130.66	–	–	2,196.57
Trade Payables	–	–	246.96	–	–	291.92
Other financial liabilities	–	2.07	160.04	–	34.96	202.80
Lease Liability			0.16			0.15
	–	**2.07**	**2,537.82**	**–**	**34.96**	**2,691.44**

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

* Investment value excludes investment in Subsidiaries/Associates of Rs.168.09 crores (March 31, 2020: Rs. 168.09 crores) which are shown at cost in balance sheet as per Ind AS 27 "Separate Financial Statements".

Fair value hierarchy

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

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in mutual funds/bonds/preference shares	21.00	675.80	–	696.80
Investments in quoted equity instruments	4.29	–	–	4.29
Investments in unquoted equity instruments	–	–	2.14	2.14
Foreign currency / commodity forward contracts	–	17.85	–	17.85
	25.29	**693.65**	**2.14**	**721.08**
Financial Liabilities				
Foreign currency / commodity future/option contracts	–	2.07	–	2.07
	–	**2.07**	**–**	**2.07**

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in mutual funds/bonds/preference shares	194.28	665.90	–	860.18
Investments in quoted equity instruments	1.25	–	–	1.25
Investments in unquoted equity instruments	–	–	1.97	1.97
Foreign currency / commodity forward contracts	–	–	–	–
	195.53	**665.90**	**1.97**	**863.40**
Financial Liabilities				
Foreign currency / commodity forward contracts	–	34.96	–	34.96
	–	**34.96**	**–**	**34.96**

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

Level 1:

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

Level 2:

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

Level 3:

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

Sensitivity of Level 3 financial instruments are insignificant

The fair value of the financial instruments are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

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

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

Derivative contracts: The Company has entered into various foreign currency contracts to manage its exposure to fluctuations in foreign exchange rates . These financial exposures are managed in accordance with the Company's risk management policies and procedures. Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data, i.e., mark to market values determined by the Authorised Dealers Banks.

Quoted equity investments: Fair value is derived from quoted market prices in active markets.

Unquoted equity investments: Fair value is derived on the basis of net asset value approach, in this approach the net asset value is used to capture the fair value of these investments.

Reconciliation of Level 3 fair value measurements

Particulars	Unlisted equity instruments
As at April 1, 2019	**2.01**
Purchases	–
Gain / (loss) recognised in OCI/Profit/Loss	(0.04)
As at March 31, 2020	**1.97**
Purchases	**–**
Gain / (loss) recognised in OCI/Profit/Loss	**0.17**
As at March 31, 2021	**2.14**

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37.3 Financial Risk Management

The Company's corporate treasury functions provides services to the business, coordinates access to the financial markets, monitors and manages the financial risks relating to operations of the Company through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including currency risk, interest rate risk and other price risks, credit risk and liquidity risk).

The Company seeks to minimize the effects of these risk by using derivate financial instruments to hedge risk exposure. The issue of financial derivatives is governed by the Company's policy approved by the board of directors.

The principal financial assets of the Company include loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The principal financial liabilities of the Company, include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the Company.

This note explains the risks which the Company is exposed to and policies and framework adopted by the Company to manage these risks.

37.3.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: foreign currency risk, interest rate risk, investment risk.

A. Foreign Currency Risk Management

The Company operates internationally and business is transacted in several currencies. The export sales of Company comprise around 47%(2019-20 - 40%) of the total sales of the Company, Further the Company also imports certain assets and material from outside India. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the Company is exposed to foreign currency risk and the results of the Company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than Company's functional currency.

The Company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by appropriately hedging the transactions. The Company uses a combination of derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods expressed in foreign currency are as follows:

As at March 31, 2021	USD	EUR	CHF	JPY
Financial assets				
Trade receivables	7.40	0.42	–	–
Foreign exchange derivative contracts*	(20.35)	(0.67)	–	–
Net exposure to foreign currency risk (assets)	**–**	**–**	**–**	**–**
Financial liabilities				
Trade payables	0.07	0.07	0.01	2.75
Borrowings	0.60	–	–	–
Foreign exchange derivative contracts*	(2.20)	(0.40)	(0.09)	–
Net exposure to foreign currency risk (liabilities)	**–**	**–**	**–**	**2.75**
Net exposure to foreign currency risk (net)	**–**	**–**	**–**	**2.75**

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

As at March 31, 2020	USD	EUR	CHF	JPY
Financial assets				
Trade receivables	5.28	0.41	–	–
Foreign exchange derivative contracts*	(13.60)	(0.75)	–	–
Net exposure to foreign currency risk (assets)	**–**	**–**	**–**	**–**
Financial liabilities				
Trade payables and other financial liabilities	0.01	0.13	0.03	5.96
Borrowings	0.60	–	–	–
Foreign exchange derivative contracts*	(1.74)	(0.05)	–	–
Net exposure to foreign currency risk (assets)	**–**	**0.08**	**0.03**	**5.96**
Net exposure to foreign currency risk (net)	**–**	**0.08**	**0.03**	**5.96**

*Excess forwards sold against pending purchase order/sales order shipment

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 10 % increase and decrease in the ₹ against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as tabulated above and adjusts their translation at the period end for 10% change in foreign currency rates. A positive number below indicates an increase in profit before tax or vice-versa.

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	₹ strengthens by 10%	₹ weakens by 10%	₹ strengthens by 10%	₹ weakens by 10%
Impact on (profit) /loss for the year				
USD	–	–	–	–
EUR	–	–	0.63	(0.63)
CHF	–	–	0.24	(0.24)
JPY	0.18	(0.18)	0.42	(0.42)

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.

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(All amounts in crores, unless otherwise stated)

37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

The following table details the foreign currency derivative contracts outstanding at the end of the reporting period:

Outstanding Contracts*	No of Deals		Foreign Currency (FCY Crores)		Nominal Amount (Rs. Crores)	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
USD / INR Buy forward	37	18	1.26	1.14	83.30	84.50
USD / INR Buy Option	5	2	0.94	0.60	43.87	48.99
USD / INR Sell forward	241	202	13.55	11.82	864.48	877.22
USD / INR Sell Option	93	31	6.80	1.78	130.14	131.32
EUR / USD Buy forward	9	–	0.14	–	12.13	–
EUR / INR Buy forward	4	2	0.26	0.05	22.39	4.37
EUR / INR Sell forward	13	26	0.67	0.75	57.79	61.54
CHF/INR Buy Forward	1	–	0.09	–	7.25	–
Fair value assets		–		–	17.85	–
Fair value liabilities		–		–	–	34.96

* Sensitivity on the above derivative contracts in respect of foreign currency exposure is insignificant

B. Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	₹ If loans interest rate decreases by 1 %	₹ If loans interest rate decreases by 1 %
Increase in profit before tax by	21.31	21.97

In case of increase in interest rate by above mentioned percentage, there would be a comparable impact on the profit before tax as mentioned above would be negative.

Notes to Standalone Financial Statement

for year ended March 31, 2021
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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

C. Security Price Risk Management

Exposure in equity

The Company is exposed to equity price risks arising from equity investments held by the Company and classified in the balance sheet as fair value through OCI.

Equity price sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the year.

If the equity prices had been 5% higher / lower:

Other comprehensive income for March 31, 2021 would increase / decrease by Rs.0.11 crores (March 31, 2020: increase / decrease by Rs. 0.10 crores) as a result of the change in fair value of equity investment measured at FVTOCI.

Exposure in mutual funds

The Company manages the surplus funds majorly through investments in debt based mutual fund schemes. The price of investment in these mutual fund schemes is reflected though Net Asset Value (NAV) declared by the Asset Management Company on daily basis as reflected by the movement in the NAV of invested schemes. The Company is exposed to price risk on such Investments.

Mutual fund/debentures/Equity shares/bonds price sensitivity analysis

The sensitivity analysis below have been determined based on Mutual Fund Investment at the end of the year. If NAV has been 1% higher / lower:

Profit for the year ended March 31, 2021 would increase / decrease by Rs. 6.97 crores (March 31, 2020 by Rs. 8.31 crores) as a result of the changes in fair value of mutual fund investments.

D. Commodity Price Risk Management

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

37.3.2 Credit Risk Management

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. Credit risk on cash and bank balances is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. Investments primarily include investment in liquid mutual fund units, bonds, fixed maturity plan etc. issued by institutions having proven track record. The Company's credit risk in case of all other financial instruments is negligible.

Notes to Standalone Financial Statement

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

The Company assesses the credit risk based on external credit ratings assigned by credit rating agencies. The Company also assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to overseas customers are generally covered by letters of credit.

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

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from top five customers	560.63	485.33
% of total sales of products	9.69%	7.67%

Financial assets for which loss allowance is measured:

Particulars	As at March 31, 2021	As at March 31, 2020
Loans - Non-current	1.31	1.48
Loans - Current	63.27	29.72
Other financial assets - Non-current	173.93	5.19
Other financial assets - Current	50.02	11.03
Trade receivables	986.60	794.81
	1,275.13	**842.23**
Loss allowance is as follows:-		
As at April 01, 2019		**4.97**
Provided during the year		1.93
Reversed during the year		(4.78)
As at March 31, 2020		**2.12**
Provided during the year		–
Reversed during the year		–
As at March 31, 2021		**2.12**

Other than financial assets mentioned above, none of the Company's financial assets are either impaired, and there were no indications that defaults in payment obligations would occur.

37.3.3 Liquidity Risk Management

The financial liabilities of the Company, other than derivatives, include loans and borrowings, trade and other payables. The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning

Notes to Standalone Financial Statement

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37 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Contd..)

tool. The Company plans to maintain sufficient cash and marketable securities to meet the obligations as and when fall due. The below is the detail of contractual maturities of the financial liabilities of the Company at the end of each reporting period:

The table below analyses the Company's financial liabilities and financial assets into relevant maturity groupings based on their contractual maturities:

As at March 31, 2021	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
Financial Assets					
Investments*	318.90	121.77	50.00	380.66	871.33
Trade Receivables	986.60	–	–	–	986.60
Cash and cash equivalents	31.17	–	–	–	31.17
Bank balances other than above	35.27	–	–	–	35.27
Loans	64.58	–	–	–	64.58
Other financial assets	223.95	–	–	–	223.95
	1,660.47	**121.77**	**50.00**	**380.66**	**2,212.90**
Financial liabilities					
Borrowings**	834.06	706.52	590.09	–	2,130.67
Trade payables	246.96	–	–	–	246.96
Other financial liabilities	159.30	–	–	–	159.30
	1,240.32	**706.52**	**590.09**	**–**	**2,536.93**

As at March 31, 2020	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
Financial Assets					
Investments*	473.30	388.15	–	1.96	863.41
Trade Receivables	794.81	–	–	–	794.81
Cash and cash equivalents	148.46	–	–	–	148.46
Bank balances other than above	3.25	–	–	–	3.25
Loans	31.20	–	–	–	31.20
Other financial assets	16.22	–	–	–	16.22
	1,467.24	**388.15**	**–**	**1.96**	**1,857.35**
Financial liabilities					
Borrowings**	930.43	694.50	509.64	62.00	2,196.57
Trade payables	291.92	–	–	–	291.92
Other financial liabilities	233.78	–	–	–	233.78
	1,456.13	**694.50**	**509.64**	**62.00**	**2,722.27**

* Investment value excludes investment in Subsidiaries/Associates of Rs. 168.09 crores (March 31, 2020: Rs. 168.09 crores)

** including Current Maturity of non-current borrowings

Notes to Standalone Financial Statement

for year ended March 31, 2021
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38 CONTINGENT LIABILITIES AND COMMITMENTS

a. Claims against the Company not acknowledged as debts:

Particulars	As at March 31, 2021	As at March 31, 2020
Sales tax, excise duty, etc*	6.13	6.36
Income-tax**	272.76	270.53
Others***	7.00	5.62

* Amount deposited Rs.0.65 crore (March 31, 2020 : Rs. 0.73 crore)

** Amount deposited Rs.117.89 crore (March 31, 2020 : Rs. 60.06 crore)

*** Amount deposited Rs.3.30 crore (March 31, 2020 : Rs. 3.30 crore)

b. Liability on account of bank guarantees and letter of credit of Rs.367.99 crores (March 31, 2020: Rs. 151.94 crores)

c. The amounts shown above represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately or relate to a present obligations that arise from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate cannot be made. The Company has been advised that it has strong legal positions against such disputes.

d. The Payment of Bonus (Amendment) Act 2015, notified on December 31, 2015, had revised the thresholds for coverage of employee eligible for Bonus and also enhanced the ceiling limits for computation of bonus retrospectively from April 1, 2014. Based on legal opinion, the Company has filed a writ petition in Hon'ble High Court of Punjab & Haryana contesting its retrospective applicability and the said jurisdictional High Court has granted stay on its retrospective operation. In view thereof, the Company has not provided differential bonus pertaining to the period from April 1, 2014 to March 31, 2015 amounting to Rs. 8.21 crores. However, the Company has provided/paid bonus w.e.f. April 1, 2015 according to the amended provisions of the Payment of Bonus (Amendment) Act 2015.

e. The Hon'ble Supreme Court in a ruling last year had passed a judgement on the definition and scope of 'Basic Wages' under the Employees' Provident Funds and Miscellaneous Provision Act, 1952. Pending issuance of guidelines by the regulatory authorities on the application of this ruling, the impact on the Company, if any, cannot be ascertained. The Company will update its provision, on receiving further clarity on this subject matter.

f. Capital and other commitments

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Estimated Amount of contracts remaining to be executed on capital account & not provided for (net of advance)	412.38	93.21
(ii) Exports obligations under Export Promotion Capital Goods (EPCG) scheme*	1,162.32	733.96

* Company is availing benefit under EPCG Scheme for import of capital goods and spare parts against obligation to export six times of the duty saved. Total Duty to be saved/saved against licences outstanding as at March 31, 2021 is Rs.429.61 crores (March 31, 2020 Rs.342.99 crores). Export obligation on such licences outstanding as at year end is disclosed above.

(iii) The Company has other commitments, for purchases / sales orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits in normal course of business. The Company does not have any long term contracts including derivative contracts for which there will be any material foreseeable losses.

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(All amounts in crores, unless otherwise stated)

39 The details of dues of excise duty, sales tax, value added tax, service tax and income-tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

Nature of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount* (Rs. Crores)	Amount unpaid (Rs. In Crores)
Central Excise Laws	Excise Duty	CESTAT	FY 2007-08 to FY 2010-11	0.67	0.65
		Up-to Commissioner (Appeals)	FY 2011-12 to FY 2014-15, FY 2016-17 to FY 2018-19	4.38	4.17
Service Tax Laws	Service Tax	CESTAT	FY 2008-09	0.11	0.11
Sales Tax Laws	Central Sales Tax	Upto Commissioner (Appeals)	FY 2009-10	0.06	0.06
		Appellate Board	FY 2006-07, FY 2010-11 to FY 2012-13	0.68	0.38
	State Sales Taxes	Upto Commissioner (Appeals)	FY 2014-15 to FY 2017-18	0.07	0.05
Goods and Service Tax Laws	Goods and Service Tax	Upto Commissioner (Appeals)	FY 2017-18 , FY 2020-21	0.16	0.06
Income-tax Laws	Income-tax	CIT (Appeals)	AY 2016-17 to AY 2019-20	78.52	–
		Income-tax Appellate Tribunal (ITAT)	"AY 2010-11 AY 2014-15 AY 2015-16"	39.37	–

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

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

Nature of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates (various years covering the period)	Amount Involved * (Rs. In Crores)
Income-tax Laws	Income-tax	Income-tax Appellate Tribunal (ITAT)	AY 2010-11, AY 2014-15 AY 2015-16	121.02
		High Court	AY 2001-02 to AY 2007-08	25.95

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

40 (a) The Company was holding its own 15,98,741 equity shares of Rs. 10 each through a Trust, which were received by it in its capacity as a shareholder of Vardhman Holdings Limited, in accordance with the 'Scheme of Arrangement and Demerger'. Out of above, 1,36,539 shares were tendered during 2016-17 year in terms of buy back announced by the Company and remaining 14,62,202 shares were sold in 2017-18 in market.

40 (b) The Trust is also holding 5,32,911 equity shares (March 31, 2020: 5,32,911 nos.) of Rs. 10 each of Vardhman Special Steels Limited which were allotted to it in the capacity of a shareholder of the Company by virtue of 'Scheme of Arrangement & Demerger' entered into by the Company, Vardhman Special Steels Limited and their respective shareholders and creditors.

Notes to Standalone Financial Statement

for year ended March 31, 2021

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40 (Contd..)

As the aforesaid shares are held by a trust (Mahavir Share trust) on behalf of the Company and Company not being registered owner of shares, the cost of these shares is not reflected in investments but same has been valued at cost as reflected in other current asset.

40 (c) The detail of the amount recoverable from Mahavir Share Trust as at the close of the year is as under:

Particulars	As at March 31, 2021	As at March 31, 2020
Cost of shares of Vardhman Special Steels Limited	4.64	4.64
Other recoverable	0.01	0.01
	4.65	**4.65**

41 SEGMENT INFORMATION

The Company is primarily in the business of manufacturing, purchase and sale of textiles. The Chairman and Managing Director of the Company, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is only one reportable segment for the Company.

Entity Wide Disclosure

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from Operations		
Domestic	3,061.92	3,791.78
Overseas	2,725.72	2,533.37
	5,787.64	**6,325.15**
Non Current Segment Assets		
– Within India	4,265.96	4,248.52
– Outside India	–	–
	4,265.96	**4,248.52**

Domestic information includes sales and services to customers located in India.

Overseas information includes sales and services rendered to customers located outside India.

Non-current segment assets includes property, plant and equipments, capital work in progress, intangible assets and other non current assets.

No single customer contributed 10% or more to the company's revenue for both the financial years 2020-21 and 2019-20.

Notes to Standalone Financial Statement

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42 EARNINGS PER SHARE

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Basic earnings per share (INR)	**60.91**	**94.86**
Diluted earnings per share (INR)	**60.53**	**94.16**
Profit attributable to the equity holders of the Company used in calculating basic earning per share	350.41	545.49
Weighted average number of equity shares for the purpose of basic earning per share (numbers)	5,75,29,080	5,75,01,936
Profit attributable to the equity holders of the Company used in calculating dilutive earning per share	350.41	545.49
Weighted average number of equity shares for the purpose of dilutive earning per share (numbers)	5,78,85,364	5,79,29,636

43 Trade Payables include the following dues to micro and small enterprises covered under "The Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) to the extent such parties have been identified from the available information.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year		
– Principal amount	13.87	27.23
–Interest due thereon	–	–
Amount of payments made to suppliers beyond the appointed day during the year		
– Principal amount	–	–
–Interest actually paid under section 16 of MSMED	–	–
Amount of interest due and payable for delay in payment (which has been paid but beyond the appointed day during the year) but without adding interest under MSMED	–	–
Interest accrued and remaining unpaid at the end of the year		
–Interest accrued during the year	–	–
–Interest remaining unpaid as at the end of the year	–	–
Interest remaining disallowable as deductible expenditure under the Income-Tax Act, 1961	–	–

44 Leases

The Company has lease contracts for various Lands, Godowns, Guest Houses, Office premises. Leases of Office Premises,guest Houses, Godowns have lease term ranging from 11 months to 30 years and leases of land have leave terms of 99 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options.

Notes to Standalone Financial Statement

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44 Leases (Contd..)

The Company also has certain leases of office premises and guest houses with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 1.67 crore and a lease liability of ₹1.67 crore. Further, in respect of leases which were classified as operating leases, applying Ind AS 17, Rs. 7.22 crores has been reclassified from "Other Assets" to "Right of Use Asset". The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021:

Particulars	Land	Building	Total
Balance as on April 01, 2019	**1.66**	**0.01**	**1.67**
Reclassified on account of adoption of Ind AS 116	7.22	–	7.22
Addition	–	–	–
Deletion	–	–	–
Depreciation/Amortisation	(0.13)	(0.00)	(0.13)
Balance as on March 31, 2020	**8.75**	**0.01**	**8.76**
Addition	–	–	–
Deletion	–	–	–
Depreciation/Amortisation	(0.13)	–	(0.13)
Balance as on March 31, 2021	**8.62**	**0.01**	**8.63**

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

The following is the break up of current and non current lease liabilities as at March 31, 2021:

Particulars	As at March 31, 2021	As at March 31, 2020
Current Lease Liabilities	–	–
Non-Current Lease Liabilities	0.16	0.15
Total	**0.16**	**0.15**

Following is the movement in lease liabilities during year ended March 31, 2021

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning	0.15	1.67
Finance cost accrued during the period	0.01	–
Payment of Lease Liabilities	–	(1.52)
Balance at the end	**0.16**	**0.15**

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

44 Leases (Contd..)

The table below provide details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	–	–
One to five years	–	–
More than five years	8.42	8.42
Total	**8.42**	**8.42**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation Expenses on Right to use Assets	0.13	0.13
Interest expense on lease liabilities	–	
Expense relating to short-term leases (included in other expenses)	1.07	1.18
Total Amount Recognised in Profit and Loss	**1.20**	**1.31**

45 Share based payments - Employee Share option plan of the Company

(i) Detail of employee share option of the Company: The Company has a share option scheme for senior employees of the Company. In accordance with the terms of the plan as approved by shareholders, eligible employees may be granted options to purchase equity shares. Each employee share option convert into one equity share of the Company on exercise. Exercise price payable by the recipient is determined as per scheme. The options when allotted carry rights to dividend and voting power at par with other equity shares. Options may be exercised at the time of vesting to the date of their expiry.

(ii) The number of options granted is in accordance with employee stock option scheme approved by the shareholders and is subject to approval by the remuneration committee. The scheme rewards senior employees to the extent of Company's and the individual's achievement judged against both qualitative and quantitative criteria.

(iii) The following share payments arrangement is in existence during the period.

Option Detail	Number	Grant Date	Expiry Date	Exercise Price	Fair value of option at grant date
Vardhman Employee Stock Option 2016	6,04,500	15th Nov-16	2 years from the date of respective vesting	815/-	352
	3,000	9th Feb-17		815/-	352
	6,500	10th May-17		815/-	352
	6,14,000				

Notes to Standalone Financial Statement

for year ended March 31, 2021

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45 Share based payments - Employee Share option plan of the Company (Contd..)

Details of vesting

Vesting period from grant date	Vesting schedule
On completion of 12 months	10%
On completion of 24 months	20%
On completion of 36 months	20%
On completion of 48 months	20%
On completion of 60 months	30%

(iv) During the current year, the grant of 99,300 equity shares (FY 2019-20 - 1,06,200 equity shares) was due but only 43,800 shares (FY 2019-20 26,700 shares) have been exercised during the year.

(v) Fair value of options/shares granted in the year

Call option value per option unit using Black Scholes Method is Rs.427.63. The following inputs have been used for computing the fair value:

Inputs into the model	Particulars
Grant date share price (Rs)	1,056.60
Exercise price (Rs.)	815.00
Expected volatility	33.78%
Option life	2 years
Dividend yield	1.92%
Risk free Interest Rate	6.31%

(vi) Movement of share options

Particulars	2020-21		2019-20	
	Number of options	Weighted Average Exercise price	Number of options	Weighted Average Exercise price
Balance at beginning of year	4,02,400	–	5,12,950	–
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	(43,800)	815	(26,700)	815
Lapsed during the year	(68,550)	–	(83,850)	–
Balance at end of year	**2,90,050**	**–**	**4,02,400**	**–**

(vii) Share options exercised during the year

	Allotment	Allotment Date	Share price at exercise date
Granted as per para (iii) above	43,800	04-Jan-21	815
	43,800		

(viii) Amount accounted for in profit and loss for Employee stock options is Rs.2.16 crores (FY 2019-20 0.97 crores).

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46 RELATED PARTY TRANSACTIONS

46.1 Description of related parties

Subsidiaries	**Key management personnel (KMP)**
VMT Spinning Company Limited	Mr. S.P. Oswal, Chairman and Managing Director
Vardhman Acrylics Limited	Mrs. Suchita Jain, Vice-Chairperson & Joint Managing Director
VTL Investments Limited	Mr. Neeraj Jain, Joint Managing Director
Vardhman Nisshinbo Garments Company Limited	Mr. Rajeev Thapar, Chief Financial Officer
	Mr. Sanjay Gupta, Company Secretary
	Mr. Sachit Jain (Non-Executive Director)
	Mr. D.L. Sharma (Non-Executive Director) (upto September 10,2020)
	Mr. Prafull Anubhai (Independent Director)
	Mr. Ashok Kumar Kundra (Independent Director)
	Dr. Subash Khanchand Bijlani (Independent Director)
Associates	Mr. Devendra Bhushan Jain (Independent Director) (upto November 7, 2020)
Vardhman Yarns and Threads Limited	Mr. Rajender Mohan Malla (Independent Director) (upto September 25, 2020)
Vardhman Spinning and General Mills Limited	Dr. Parampal Singh (Independent Director)
Vardhman Special Steels Limited	Mrs. Harpreet Kaur Kang (Independent Director)
Relatives of KMP	**Enterprises over which KMP have significant influence**
Ms. Soumya Jain	Vardhman Holdings Limited
Ms. Sagrika Jain	Vardhman Apparels Limited
	Smt. Banarso Devi Oswal Public Charitable Trust
Post Employment Benefit Plans Trust	Sri Aurobindo Socio Economic and Management Research Institute
Mahavir Employee Gratuity Fund Trust	Adhiswar Enterprises LLP
Mahavir Superannuation Scheme	Devakar Investment and Trading Company Private Limited
	Santon Finance and Investment Company Limited
	Flamingo Finance and Investment Company Limited
	Ramaniya Finance and Investment Company Limited
	Mahavir Spinning Mills Private Limited
	Northern Trading Company
	Amber Syndicate
	Paras Syndicate
	Eastern Trading Company
	Mahavir Traders

Notes to Standalone Financial Statement

for year ended March 31, 2021

(All amounts in crores, unless otherwise stated)

46 RELATED PARTY TRANSACTIONS (Contd..)

46.2 Transactions with related parties

	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale /processing of goods to:#		
Subsidiaries	45.74	40.35
Associates	0.32	1.59
Enterprises over which KMP have significant influence	68.87	66.46
	114.93	**108.40**
Purchase/processing of goods from:#		
Subsidiaries	163.01	179.98
Associates	6.10	12.65
	169.11	**192.63**
Purchase of MEIS License		
Subsidiaries	0.24	–
	0.24	**–**
Sale of MEIS License		
Subsidiaries	0.63	3.00
Associates	0.69	2.03
	1.32	**5.03**
Purchase of property, plant & equipment from:		
Subsidiaries	0.09	0.58
	0.09	**0.58**
Sales of property, plant & equipment to:		
Subsidiaries	0.12	0.06
	0.12	**0.06**
Rent paid**		
Associates	0.00	–
Enterprises over which KMP have significant influence	0.13	0.13
	0.13	**0.13**
Rent received **		
Associates	0.25	0.25
	0.25	**0.25**
Dividend paid		
Subsidiaries	–	1.76
	–	**1.76**
Dividend received		
Subsidiaries	–	14.21
Associates	5.64	5.64
	5.64	**19.86**

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(All amounts in crores, unless otherwise stated)

46 RELATED PARTY TRANSACTIONS (Contd..)

	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest received		
Subsidiaries	1.74	1.26
Associates	–	0.97
	1.74	**2.23**
Reimbursement of expenses received from		
Subsidiaries	0.03	0.12
Associates	0.01	0.10
	0.04	**0.22**
Reimbursement of expenses paid		
Subsidiaries	0.30	0.08
Associates	0.08	0.09
	0.38	**0.17**
Recovery of Common Expenses incurred **		
Subsidiaries	1.52	1.52
Associates	4.31	4.31
	5.83	**5.83**
Payment against licence agreement		
Enterprises over which KMP have significant influence	0.94	1.10
	0.94	**1.10**
Donations to		
Enterprises over which KMP have significant influence	7.82	9.99
	7.82	**9.99**
Salary paid to		
Relatives of KMP	0.14	0.20
	0.14	**0.20**
Loan given to		
Subsidiaries	42.00	10.00
Associates	–	15.00
	42.00	**25.00**
Loan received back from		
Subsidiaries	7.00	–
Associates	–	30.00
	7.00	**30.00**
Contribution to post employment benefit plans		
Post Employment Benefit Plans Trust (also refer note 47)	9.00	2.27
	9.00	**2.27**

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

46 RELATED PARTY TRANSACTIONS (Contd..)

46.3 Outstanding Balances:

	As at March 31, 2021	As at March 31, 2020
Receivables		
Subsidiaries	6.21	9.72
Associates	0.03	0.16
Enterprises over which KMP have significant influence	0.01	0.01
Mahahir Share Trust	1.86	–
	8.11	**9.89**
Payables		
Associates	1.01	–
Enterprises over which KMP have significant influence	0.97	–
Mahavir Share Trust	–	9.00
	1.98	**9.00**
Loan given outstanding		
Subsidiaries	61.99	26.99
Associates	–	–
	61.99	**26.99**
Equity Investment outstanding		
Subsidiaries	105.32	105.32
Associates	52.77	52.77
	158.09	**158.09**
Preference Investment outstanding		
Subsidiaries	10.00	10.00
	10.00	**10.00**

46.4 Key management personnel compensation

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Compensation*	14.32	11.58
	14.32	**11.58**

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

** Transaction are exclusive of Taxes

Gross of Indirect Taxes

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

47 EMPLOYEE BENEFITS

47.1 Defined contribution plans:

Amounts recognized in the statement of profit and loss are as under:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Superannuation fund	0.00	0.01
National Pension Scheme	1.63	1.72
Provident fund administered through Regional Provident Fund Commissioner	28.92	28.12
Employees' State Insurance Corporation	6.28	6.94
Other funds	1.19	1.20
	38.02	**37.99**

The expenses incurred on account of the above defined contribution plans have been included in Note 33 "Employee Benefits Expenses" under the head "Contribution to provident and other funds"

47.2 Defined benefit plans

The Company sponsors funded defined benefit plan for qualifying employees. This defined benefit plan of gratuity is administered by a separate trust that is legally separate from the entity. The trustees are required by the law to act in the interest of the trust and all the relevant stakeholders i.e. active employees, inactive employees, retired employees and employers, etc. The trust is responsible for investment policy with regard to the assets of the trust. The Company has a gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per the Company's plan, whichever is more beneficial.

(i) These plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Salary Risk

The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Interest Risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in value of the liability.

Longevity Risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plans liability.

Notes to Standalone Financial Statement

for year ended March 31, 2021

(All amounts in crores, unless otherwise stated)

47 EMPLOYEE BENEFITS (Contd..)

(ii) The principal assumption used for the purpose of the actuarial valuation were as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate	6.79%	6.80%
Salary increase	6.00%	6.00%
Expected average remaining working life	27.44	27.61 years
Mortality Rates	IALM (2012-14)	IALM (2012-14)
Method used	Project unit credit method	Project unit credit method

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. An actuarial valuations involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

(iii) Amounts recognised in statement of profit and loss in respect of these benefit plans are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Service cost	10.49	9.65
Net interest expenses	0.61	0.20
	11.10	**9.85**

The current service cost, past service cost and the net interest expenses for the year are included in Note 33 “Employee Benefits Expenses” under the head “Salaries and Wages”.

(iv) Amounts recognised in Other Comprehensive Income:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Actuarial gain/(losses) arising for the year on asset	3.89	(2.47)
Actuarial gain/(losses) arising from changes in financial assumptions	(0.07)	(5.09)
Actuarial gain/(losses) arising from changes in demographic assumptions	–	0.04
Actuarial gain/(losses) arising from changes in experience adjustments	2.09	3.21
	5.91	**(4.32)**

(v) The amount included in balance sheet arising from the entity’s obligation in respect of its defined benefit plans is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of funded defined benefit obligation	78.96	72.73
Fair Value of Plan Assets	80.82	63.73
Net assets / (liability)	**1.86**	**(9.00)**

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

47 EMPLOYEE BENEFITS (Contd..)

(vi) Movements in the present value of defined benefit obligation are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening defined benefit obligation	72.73	61.93
Current Service Cost	10.49	9.65
Transfer to group company	(0.13)	–
Interest Cost	4.95	4.76
Actuarial (gain)/losses arising from changes in financial assumptions	0.07	5.09
Actuarial gain/(losses) arising from changes in demographic assumptions	–	(0.04)
Actuarial (gain)/losses arising from changes in experience adjustments	(2.09)	(3.21)
Benefits paid	(7.06)	(5.45)
Closing defined benefit obligation	**78.96**	**72.73**

(vii) Movements in the fair value of plan assets are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening fair value of plan assets	63.73	59.39
Return on plan assets (excluding amounts included in net interest expenses)	8.21	2.07
Transfer to Group Company	(0.13)	-
Contributions from employer	9.00	2.27
Benefits paid	(0.00)	–
Closing fair value of plan assets	**80.82**	**63.73**

Plan assets comprises of mutual fund, Government of India securities and bank balances. The average duration of the defined benefit obligation is 13.87 years (2020: 13.91 years). The Company expects to make a contribution of Rs. 12.31 crores (March 31, 2020: Rs. 12.19 crores) to the defined benefit plans during the next financial year.

(viii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of reporting period, while holding all other assumptions constant.

Particulars	As at March 31, 2021	As at March 31, 2020
Discount Rate		
0.50% Increase	(3.48)	(3.15)
0.50% decrease	3.77	3.42
Future Salary increase		
0.50% Increase	3.67	3.31
0.50% decrease	(3.43)	(3.09)

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

47 EMPLOYEE BENEFITS (Contd..)

(ix) Maturity Profile of Defined Benefit Obligation

Year	Amount
a) 0 to 1 Year	9.04
b) 1 to 2 Year	4.89
c) 2 to 3 Year	4.45
d) 3 to 4 Year	4.02
e) 4 to 5 Year	4.63
f) 5 to 6 Year	4.38
g) 6 Year onwards	47.55

47.3 Other long term employee benefit

(i) Amount recognised in profit and loss in note no. 33 “Employee benefit expense” under the head “Salaries and Wages” towards leave liability is Rs. 5.20 crore (March 31, 2020 : Rs. 7.13 crore)

(ii) Amount taken to balance sheet

Particulars	2020-21	2019-20
Current	2.57	2.46
Non Current	15.26	14.45

48 Additional disclosures

48.1 Disclosure required by Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015:-

(i) The Company has given inter corporate deposits aggregating to Rs.37 Crores (March 31, 2020: Rs. NIL) to VMT Spinning Company Limited during the year. The maximum amount outstanding during the year was Rs.30 Crores (March 31, 2020: Rs. NIL). The Balance outstanding as on March 31, 2021 is Rs.30 Crores (March 31, 2020: Rs. NIL).

(ii) The Company has given inter corporate deposits aggregating to Rs.Nil (March 31, 2020: Rs. 15 crore) to Vardhman Special Steels Limited during the year. The maximum amount outstanding during the year was Rs. Nil (March 31, 2020: Rs. 30.00 crore). The balance outstanding as on March 31, 2021 is Rs.Nil (March 31, 2020: Rs. NIL).

(iii) The Company has given inter corporate deposits aggregating to Rs.5 crore (March 31, 2020: Rs. 10.00 crore) to Vardhman Nisshinbo Garments Company Limited during the year. The maximum amount outstanding during the year was Rs.31.99 crores (March 31, 2020: Rs. 26.99 crores). The balance outstanding as on March 31, 2021 is Rs.31.99 crores (March 31, 2020: Rs. 26.99 crores).

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

48 Additional disclosures (Contd..)

48.2 Assets pledged as security:

Particulars	As at March 31, 2021	As at March 31, 2020
Current assets		
Financial assets		
Trade receivables	986.60	794.81
Non-financial assets		
Inventory	2,624.20	2,506.16
Total current assets pledged as security	**3,610.80**	**3,300.97**
Non-current assets		
Property, plant & equipment	3,389.40	3,470.54
Total non-current assets pledged as security	**3,389.40**	**3,470.54**
Total assets pledged as security	**7,000.20**	**6,771.51**

48.3 Amount required to be spent as per section 135 of the Companies Act 2013.

Details of expenditure towards Corporate Social Responsibility (CSR) activities:

a) Gross amount required to be spent by the Company during the year was Rs.14.24 crore (March 31, 2020 Rs.18.99 crore).

b) Amount spent during the year :Rs.8.74 crore (March 31, 2020 19.26 crore)

c) Amount unspent during the year was Rs.5.50 crore (March 31, 2020 Rs. NIL)."

d) Activity

Activity	Amount
Promotion of Education	3.36
Preventive Health Care	3.23
Rural Development	1.08
Environment & Sustainability	0.02
Promotion of Nationally Recognised Sports	0.31
Welfare of Armed force veterans	0.13
Promoting Art & Culture	0.08
Others	0.53
Total	**8.74**

Notes to Standalone Financial Statement

for year ended March 31, 2021
(All amounts in crores, unless otherwise stated)

48.4 There has been no delay in transferring amount, required to be transferred, to the investor education and investor fund (IEPF) by the Company during the year.

48.5 On account of COVID-19 pandemic the Company has made assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventories and trade receivables as at the date of the balance sheet. The Company has considered internal and external sources of information for making said assessment. Basis the evaluation of the current estimates, the Company expects to recover the carrying amount of these assets and no material adjustments is required in the financial statements. Given the uncertainties associated with nature, condition and duration of COVID-19, the Company will closely monitor any material changes arising of the future economic conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic condition arise.

48.6 The Board of Directors, in its meeting held on May 27, 2020 has approved a Scheme of Amalgamation (the "Scheme") under Sections 230 to 232 of the Companies Act, 2013 ('the 2013 Act') and other applicable provisions of the 2013 Act, as per pooling of interest method, between the Company and its subsidiaries, by the name of VMT Spinning Company Limited and Vardhman Nisshinbo Garments Company Limited. The amalgamation will be from April 1, 2020 being the appointed date and is subject to other approvals as may be required in this case.

48.7 The Code on Social Security 2020 has been notified in the Official Gazette on 29th September 2020. The effective date from which the changes are applicable is yet to be notified . Impact if any of the change will be assessed and accounted in the period in which said Code becomes effective .

For and on behalf of the Board of Directors

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Vice-Chairperson and Joint Managing Director
DIN:00746471

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

Place : Ludhiana
Date: May 25, 2021