SCV & Co. LLP
CHARTERED ACCOUNTANTS

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Independent Auditors' Report

To the Members of
Vardhman Nisshinbo Garments Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Vardhman Nisshinbo Garments Company Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year then ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act,2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015,as amended,("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, the losses and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report (but does not include the financial statements and our auditors' report thereon).

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

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detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the company to express an opinion on the financial statement.

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

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

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

Report on Other Legal and Regulatory Requirements

1.As required by the Companies (Auditor's Report) Order,2016 ("the Order") issued by the Central

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Government in terms of sub section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

(c) The Balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the relevant books of account;

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015;

(e) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a Director in terms of Section 164(2) of the Act and

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

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

In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration during the year therefore provisions of section 197 of the Act are not applicable.

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

i. The company does not have any pending litigations which would impact its financial position;

ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and

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iii. There were no amounts which were to be transferred, to the Investor Education and Protection Fund by the Company.

For SCV &Co. LLP
Chartered Accountants
Firm Reg. No.000235N/N500089

SCV & Co. LLP
Chartered Accountants

(Sanjiv Mohan)
Partner
M. No. 086066

Place: Ludhiana
Date: 11.05.2021

UDIN: 21086066AAAAJE1895

Annexure – "A" to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Vardhman Nisshinbo Garments Company Limited of even date)

(i) In respect of the Company's fixed assets:-

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

(b) The Company has a phased program of physical verification of its fixed assets by which all the fixed assets are physically verified by the management in accordance with a phased program designed to cover all items of fixed assets over a period of three years. Pursuant to said policy, the company has physically verified the entire block of Building, Land and Vehicles. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, no discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deed of the immovable property is held in the name of the Company.

(ii) According to the information and explanations given to us, the inventories, except materials-in-transit, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us, no discrepancies were noticed on such verification.

(iii) According to the information and explanations given to us, we report that the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the provisions of paragraph 3(iii) (a) (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees and securities given in respect of which provisions of Section 185 of the Companies Act ,2013 is applicable. There are no loans, investments and securities given in respect of which Section 186 of the Companies Act 2013 is applicable. Therefore the provisions of paragraph 3(iv) of the Order are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits covered under the provisions of sections 73 to 76 and any other relevant provision of Companies Act, 2013 and the rules framed there under. According to information and

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explanation given to us, no order under its aforesaid sections has been passed by the Company Law Board or the Reserve Bank of India or any court or any other Tribunal on the Company.

(vi) According to the information and explanations given to us the provisions of Section 148 of Companies Act, 2013 regarding maintenance of cost records are not applicable to company.

(vii) (a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of custom, cess , goods and service tax and other applicable statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts in respect of statutory dues payable were outstanding as on the last day of the financial year concerned for a period of more than six months from the date they became payable as at 31st March, 2021.

(b) According to the information and explanations given to us there are no dues of income tax, service tax, duty of custom, duty of excise which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution bank or government. The Company has not issued any debentures during the year or in the preceding year.

(ix) According to the information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to information and explanation given to us and based on our examination of records of company, the company has not paid/not provided for managerial remuneration therefore the provisions of section 197 of the Act are not applicable.

(xii) According to the information and explanation given to us, the company is not a Nidhi Company. Therefore the provisions of paragraph 3(xii) of the Order are not applicable.

(xiii) According to the information and explanations given to us, and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details of the transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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(xiv) According to the information and explanations given to us, the company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Thus the provisions of paragraph 3(xiv) of the Order are not applicable.

(xv) According to information and explanations given to us, and based on our examination of the records of the company, the company has not entered into non-cash transactions with director or person connected with them. Accordingly, provisions of paragraph 3 (xv) of the Order are not applicable.

(xvi) According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SCV & Co. LLP;
Chartered Accountants
Firm Reg. No.000235N/N500089

SCV & CO. LLP
Chartered Accountants

(Sanjiv Mohan)
Partner
M. No. 086066

Place: Ludhiana
Date: 11.05.2021

Annexure – "B" TO THE INDEPENDENT AUDITORS REPORT
(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Vardhman Nisshinbo Garments Company Limited of even date)

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

We have audited the internal financial control over financial reporting of Vardhman Nisshinbo Garments Company Limited ("the Company") as of 31st March 2021 in conjunction with our audit of financial statements of company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls over Financial Reporting with reference to these Financial statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company.

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these financial statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31st March 2021, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal

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Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SCV &Co.LLP
Chartered Accountants
Firm Reg. No.000235N/N500089

SCV & CO. LLP Chartered Accountants

(Sanjiv Mohan)
Partner
M. No. 086066

Place: Ludhiana
Date: 11.05.2021

Vardhman Nisshinbo Garments Company Limited
Balance Sheet as at 31st March 2021

(Amounts in Lakhs)

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
ASSETS			
A Non-current assets			
(a) Property, plant and equipment	3 (a)	2,053.93	2,203.32
(b) Capital Work in Process		-	-
(c) Other Intangible assets	3 (b)	8.68	12.28
(d) Financial assets			
(i)Loans	4	-	0.08
(ii)Other financial assets	5	9.17	9.17
(e) Deferred tax assets (Net)	41	43.80	43.80
(f) Other non-current assets	6	3.24	2.89
Total non-current assets		**2,118.82**	**2,271.54**
B Current assets			
(a) Inventories	7	936.36	1,106.59
(b) Financial assets			
(i)Trade receivables	8	1,982.15	1,865.40
(ii)Cash and cash equivalents	9	48.63	0.15
(iii)Bank balances other than (ii) above		-	-
(iv)Loans	10	0.43	1.32
(v)Other financial assets	11	591.99	643.24
(c) Income tax assets (Net)	12	13.96	31.35
(d) Other current assets	13	48.81	62.44
Total current assets		**3,622.33**	**3,710.50**
TOTAL ASSETS		**5,741.15**	**5,982.05**
EQUITY AND LIABILITIES			
A Equity			
(a) Equity share capital	14	1,400.00	1,400.00
(b) Other equity	15	(1,095.49)	(792.59)
Total equity		**304.51**	**607.41**
B Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
-Borrowings	16	808.32	734.84
(b) Provisions	17	82.15	90.11
(c) Other non current liabilities	18	16.59	20.24
Total Non-current liabilities		**907.06**	**845.19**
Current liabilities			
(a) Financial Liabilities			
(i)Borrowings	19	3,199.12	3,107.87
(ii)Trade payables	20		
-total outstanding dues of micro enterprises and small enterprises and		14.63	-
-total outstanding dues of trade payables other than micro enterprises and small enterprises		894.41	1,030.84
(iii)Other financial liabilities	21	379.03	348.83
(b) Provisions	22	3.96	4.19
(c) Other current liabilities	23	38.43	37.73
Total Current liabilities		**4,529.58**	**4,529.45**
Total liabilities		**5,436.64**	**5,374.64**
TOTAL EQUITY AND LIABILITIES		**5,741.15**	**5,982.05**

See accompanying notes to the financial statements

As per our report of even date attached
For SCV & Co. LLP
Chartered Accountants
Firm registration No.: 000235N/N500089

SCV & Co. LLP Chartered Accountants

(Sanjiv Mohan)
Partner
Membership No. 086066

Place: Ludhiana
Date: 11-05-2021

For and on behalf of the Board of
Vardhman Nisshinbo Garments Company Limited

D.K. Sindwani
Director
DIN: 02317742

Neeraj Jain
Director
DIN: 00340459

Amit Khullar
Chief Financial Officer

Vardhman Nisshinbo Garments Company Limited
D-295/2 Phase-VIII, Focal Point, Ludhiana-141123

Place:Ludhiana
Date: 11-05-2021

Vardhman Nisshinbo Garments Company Limited
Statement of Profit and Loss for the year ended 31st March 2021

(Amounts in Lakhs)

	Particulars	Note No	For the year ended 31st March 2021	For the year ended 31st March 2020
I.	Revenue from operations	24	3,572.25	5,763.31
II	Other income	25	29.35	35.43
III	**Total income**		**3,601.60**	**5,798.74**
	Expenses			
	Cost of materials consumed	26	1,838.48	3,541.51
	Changes in inventories of finished goods and work-in-progress	27	176.83	(387.28)
	Employee benefits expense	28	1,023.05	1,519.23
	Finance costs	29	274.24	278.69
	Depreciation and amortisation expense	30	190.13	192.68
	Other expenses	31	415.29	739.72
IV	**Total expenses**		**3,918.01**	**5,884.54**
V	**(Loss) / profit before tax (III-IV)**		**(316.41)**	**(85.80)**
VI	**Tax expense:**			
	Current tax		-	3.79
VII	**Profit for the year (V-VI)**		**(316.41)**	**(89.59)**
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(i)Remeasurements of the employee defined benefit plans		13.51	(0.62)
	(ii)Income tax relating to items that will not be reclassified to profit or loss		-	-
IX.	**Total comprehensive income for the year (VII+VIII)**		**(302.90)**	**(90.21)**
	Earnings per equity share (par value of Rs. 10)	33		
	Basic (In Rs.)		(2.26)	(0.64)
	Diluted (In Rs.)		(2.26)	(0.64)

See accompanying notes to the financial statements.

As per our report of even date attached
For SCV & Co. LLP
Chartered Accountants
Firm registration No.: 000235N/N500089

(Sanjiv Mohan)
Partner
Membership No. 086066

SCV & CO. LLP Chartered Accountants

Place: Ludhiana

Date: 11-05-2021

For and on behalf of the Board of
Vardhman Nisshinbo Garments Company Limited

D.K. Sindwani
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DIN: 02317742

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Chief Financial Officer

Vardhman Nisshinbo Garments Company Limited
D 295/2, Phase-VIII, Focal Point, Ludhiana-141123

Place:Ludhiana
Date: 11-05-2021

Vardhman Nisshinbo Garments Company Limited
Statement of Cash Flows for the year ended 31st March 2021

		For the year ended 31st March 2021	For the year ended 31st March 2020
			(Amount in Lakhs)
A	**Cash flow from operating activities**		
	Loss before tax	(316.41)	(85.80)
	Adjustments for:		
	Amortisation of deferred government grants	(3.65)	(3.65)
	Liabilities / provisions no longer required written back	(11.33)	(16.96)
	Finance costs	261.50	262.03
	Depreciation and amortisation expense	190.13	192.68
	Bad debts written off	0.02	0.18
	Allowances for doubtful debts	(2.73)	12.72
	Loss on discard of Property, plant and equipment	0.09	-
	Unrealized foreign exchange loss (net)	(0.13)	2.66
	Operating profit before working capital changes	**117.49**	**363.86**
	Movements in working capital		
	(Increase)/Decrease in :-		
	Inventories	170.24	(484.84)
	Trade receivables	(113.90)	182.37
	Other assets	65.50	(42.07)
	Increase/(Decrease) in :-		
	Trade payables	(110.48)	202.88
	Other liabilities and provisions	6.16	65.66
	Cash generated from operations	**135.01**	**287.86**
	Income tax (paid)/refund	17.39	11.06
	Net cash generated from operating activities	**152.40**	**298.92**
B	**Cash flows from investing activities**		
	Payment for purchase of Property, plant and equipment	(37.23)	(21.82)
	Net cash (used in) investing activities	**(37.23)**	**(21.82)**
C	**Cash flows from financing activities (also refer note 43)**		
	Proceeds from borrowings (current)	500.00	1,000.00
	Repayment of borrowings (current)	(408.75)	(355.00)
	Repayment of borrowing (Non current)	-	(720.00)
	Interest paid	(157.95)	(202.01)
	Net cash (used in)/ generated from financing activities	**(66.70)**	**(277.01)**
	Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**48.47**	**0.09**
	Cash and cash equivalents at the beginning of the year*	0.15	0.06
	Cash and cash equivalents at the end of the year*	48.63	0.15

*** Refer note 9 for Cash and Cash equivalent components**
See accompanying notes to the financial statements

As per our report of even date attached

For SCV & Co. LLP
Chartered Accountants
Firm registration No.: 000235N/N500089

SCV & CO. LLP Chartered Accountants

(Sanjiv Mohan)
Partner
Membership No. 086066

Place: Ludhiana
Date: 11-05-2021

For and on behalf of the Board of
Vardhman Nisshinbo Garments Company Limited

D.K. Sindwani
Director
DIN: 02317742

Neeraj Jain
Director
DIN: 00340459

Vardhman Nisshinbo Garments Company Limited D-295/2 Phase-VIII, Focal Point, Ludhiana 141123

Amit Khullar
Chief Financial Officer

Place:Ludhiana
Date: 11-05-2021

Vardhman Nisshinbo Garments Company Limited
Statement of changes in equity for the year ended 31st March 2021

A. Equity Share Capital	(Amounts in Lakhs)
As at 1st April 2019	1400.00
Changes during the year	-
As at 31st March 2020	1400.00
Changes during the year	-
As at 31st March 2021	1400.00

B. Other Equity

Particulars	Equity component of compound financial instruments (10% non cumulative convertible preference shares)	Reserves and Surplus	Other comprehensive income (Remeasurement of the defined benefit plans)	Total other equity
		Retained Earnings		
Balance as at 1st April 2019	614.46	(1333.27)	16.43	(702.38)
Profit for the year	-	(89.59)	-	(89.59)
Other Comprehensive Income for the year	-	-	(0.62)	(0.62)
Balance as at 31st March 2020	614.46	(1422.87)	15.82	(792.59)
Balance as at 1st April 2020	614.46	(1422.87)	15.82	(792.59)
Profit for the year	-	(316.41)	-	(316.41)
Other Comprehensive Income for the year	-	-	13.51	13.51
Balance as at 31st March 2021	614.46	(1739.28)	29.33	(1095.49)

See accompanying notes to the financial statements.

As per our report of even date attached
For SCV & Co. LLP
Chartered Accountants
Firm registration No.: 000235N/N500089

(Sanjiv Mohan)
Partner
Membership No. 086066

Place: Ludhiana
Date: 11-05-2021

For and on behalf of the Board of
Vardhman Nisshinbo Garments Company Limited

D.K. Sindwani
Director
DIN: 02317742

Neeraj Jain
Director
DIN: 00340459

Amit Khullar
Chief Financial Officer

Place:Ludhiana
Date: 11-05-2021

Note 1. Corporate Information

Vardhman Nisshinbo Garments Company Limited (the Company) is a public limited company domiciled in India incorporated under the provisions of the Companies Act, 1956 on 17 April, 2009 and has its registered office at Vardhman Textiles Limited, Chandigarh Road, Ludhiana. The Company deals in manufacturing and sale of garments (mainly shirts).

Vardhman Textiles Limited owns 100% of the company's equity share capital as at 31 March 2021.

The financial statements for the year ended 31st March, 2021 were approved and authorised for issue by the Company's Board of Directors on 11th May, 2021.

Note 2.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013(the Act), read with Rule 3 of the Companies (Indian Accounting Standards) Rule 2015 as amended from time to time and other relevant provisions of the Act.

Note 2.2 Basis of preparation and measurement

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention on the accrual basis, except for following which have been measured at fair value.

(i) Certain Financial instruments
(ii) Defined Benefit Obligation Plan Assets

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

Fair Value Measurement

The Company measures financial instruments at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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minimizing the use of unobservable inputs.

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

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

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

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Functional and Presentation currency

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

Going concern assumption

The accumulated losses of the Company as at 31 March 2021 are more than fifty percent of its net-worth as of that date. However, the management strongly believes that the losses are only temporary in nature and based on the orders in hand, expected orders from existing customers and expected growth in export business, the business of the Company would be rewarding going forward and the accumulated losses of the Company would be reduced within a few years. Additionally, the parent company has also given the support letter. On the basis of above, the management is of the view that the present accumulated losses do not have an impact on the going concern assumption of the Company.

2.3 Significant Accounting Policies

(a) Revenue Recognition

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

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

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(i) Sale of goods

Revenue from the sale of goods is recognised when the company satisfies performance obligation and the control of goods has transferred to the buyer i.e. at the point of sale/delivery to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. Sale is net of sales returns, discounts and goods and services tax.

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

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when the it becomes unconditional. Generally, the credit period varies between 0-130 days from the shipment or delivery of goods or services as the case may be. The company does not adjust short-term advances received from the customer for the effects of significant financing component if it is expected at the contract inception that the promised good or service will be transferred to the customer within a period of one year.

(ii) Interest income from customers

Interest income is recognised when it is probable that economic benefit will flow to the company and the amount can be measured reliably and is accrued on a time proportion basis taking into account the principal outstanding the applicable interest rate.

(iii) Other interest

Interest income from financial assets is recognised when it is probable that economic benefit will flow to the company and the amount can be measured reliably and is recognised using effective interest rate by reference to the principal amount outstanding and at effective interest rate.

(iv) Dividend

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

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(v) Insurance and other claims

Income claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount receivable can be measured reliably and it is reasonable to expect ultimate collections.

(b) Employee benefits

(i) Short term employee benefits :

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(ii)Post Employment Benefit Plans

Defined Contribution Plan:

Provident Fund

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

Defined Benefit Plans:

Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as a liability. Actuarial gains and losses are recognised in other comprehensive income in the period when they are incurred and transferred to retained earnings immediately. All other expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of profit and loss.

(iii)Long term employee benefits :

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by

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actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method.

Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

(c)Property, plant and equipment

Recognition and measurement

On transition to Ind AS , the company has elected to continue with the carrying value of all its Property, plant and equipment recognized as at 1st April,2016 measured as per previous GAAP and use that carrying value as deemed cost of the Property plant and equipment as per Ind AS 101 and hence regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of Property, plant and equipment are stated at cost net of accumulated depreciation and impairment, if any. The cost directly attributable to acquisition are capitalised until the property plant and equipment are ready for use as intended by the management.

The cost comprises of:

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

(b) Any 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 items is acquired or as a consequence of having used the item during a particular period for purpose other than to produce inventories during that period.

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.

Derecognition

An item of property plant and equipment and any component initially accounted for as a separate asset is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset measured as the difference between the net

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disposal proceeds and the carrying amount of the asset is included in the income statement when the asset is derecognised.

(d)Intangible assets

Recognition:
Intangible assets are recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow; and the cost of the asset can be measured reliably.
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible asset comprises of its purchase price, net of recoverable taxes and any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets with finite useful life are carried at cost less any accumulated amortization and impairment losses, if any.

De recognition
An intangible asset is derecognised upon disposal or retirement of the asset. The cost and the related accumulated amortization are eliminated from the financial statements upon disposal or retirement of the asset and resultant gains or losses are recognized in the statement of Profit and Loss.

(e) Depreciation and amortisation

Depreciation is provided on Property, plant and equipment (other than freehold property) on their estimated useful life using the straight line method. The estimated useful life of these tangible assets as prescribed under part C of Schedule II of the Act except the assets costing 5000/- or below are fully depreciated in the year of acquisition.

Depreciation method, useful lives and residual values are reviewed periodically at each financial year end with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets are amortized on straight line method over the expected duration of benefits not exceeding ten years.

The useful life of the intangible assets are as under

Types of assets	**useful life as estimated by company**
Computer software	4 years

Amortization method and useful life are reviewed at each financial year end.

(f) Inventories

Inventories comprising raw materials, work in progress and finished goods 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:

Cost of raw materials, packing materials and stores and spares is determined using the weighted average cost and includes costs incurred in bringing the goods to their present location and condition.

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The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition.

Work-in-progress includes the cost of materials consumed and an appropriate portion of allocable conversion costs and other overheads depending upon the stage of completion.

Finished goods include the cost of materials consumed and an appropriate portion of allocable conversion costs and other overheads incurred in bringing the goods to their present location and condition.

Slow and non-moving material, obsolesces, defective inventories are duly provided for and valued at net realisable value. Goods and material in transit are valued at actual cost incurred upto the date of balance sheet. Material and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

(g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(h)Earnings per share

Basic earnings per equity share is computed by dividing the profit or loss for the period attributable to the equity share holders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, by adjusting the profit or loss for the period attributable to the equity share holders is divided by the weighted average number of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares, if any.

(i)Income Taxes

Income tax expense comprises current tax and the net change in the deferred tax asset or liability during the year.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income respectively.

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

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

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assets and liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

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

MAT

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset and shown under Deferred tax asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement.

(j)Government Grants

The government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the statement of profit and loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

(k) Foreign Currency Translations

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

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

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

Exchange differences arising on the settlement or reporting of monetary items at rates different from rates at which these were initially recorded during the period or reported in previous financial statements as recognised in the statement of profit or loss in the period in which they arise.

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

(l)Financial Instruments

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

Initial recognition and measurement

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition except for trade receivable which is initially measured at trade price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss is recognised immediately in the statement of profit and loss.

Subsequent measurement
For the purposes of subsequent measurement financial instruments are classified as follows:

Non derivative financial instruments:-

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

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

(iii) Investments in Equity Instruments at fair value through other comprehensive income
On Initial recognition the company can make an irrevocable election for its investments, which are classified as equity instruments and which are not held for trading, to present the subsequent changes in fair value in other comprehensive income.

(iv) Financial assets at fair value through profit or loss
A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(v) Financial liabilities

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Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derivative financial instruments

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

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

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

Equity shares

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

Compound financial instruments-convertible preference Shares

Compound financial instruments comprise convertible preference shares have been separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

(m) Impairment

Financial Assets (other than measured at fair value)

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit loss. This simplified approach is permitted by Ind AS 109 financial instruments.

For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit loss, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime expected credit loss.

Non-Financial Assets
Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment 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.

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

Impairment is reviewed periodically including at the end of each financial year.

(n) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short term deposits with the original maturity period of three months or less, which are subject to an insignificant risk of change in value.

(o) Cash flow statement

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

(p) Provisions, Contingent Liabilities and Contingent Assets

(i) A Provision shall be recognized when:

(a) An entity has a present (legal or constructive) obligation as a result of a past event;

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(b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
(c) A reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation arising from past event, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be accrued/realised. A disclosure for contingent asset is made when an outflow of economic benefit is probable.

(q) Segment reporting

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

(r) Dividend

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

Note 2.4: Critical accounting judgements, estimates and assumptions

Use of Estimates and Judgements

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statement and reported amount of revenue and expense during the period.
Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amount of assets or liabilities in future period.

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

i. Useful lives of property, plant and equipment

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

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

ii. Recoverable amount of property, plant and equipment

The recoverable amount of property plant and equipment is based on estimates and assumptions regarding the expected market outlook and expected future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

iii. Defined benefit plans

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

iv Recognition of deferred tax assets

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

v.Contingencies

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

vi. Fair value measurement

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

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

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

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conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic condition arise.

Recent Indian accounting standards (Ind AS)

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

Note 2.5 Current – non-current classification

All assets and liabilities have been classified as current and non-current on the basis of the following criteria:

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or use to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within 12 months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterpart, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities

All other liabilities are classified as non-current

Operating cycle

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Operating cycle is the time between the acquisition of assets for processing/servicing and their realisation in cash or cash equivalents.

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Vardhman Nisshinbo Garments Company Limited
Notes to Financial Statements for the year ended 31st March, 2021
(Amounts in Lakhs)
3a. 'Property, plant and equipment

	As at 31st March , 2021	As at 31st March , 2020
Carrying amount of		
Freehold land	188.27	188.27
Buildings	918.16	954.22
Plant and equipment	914.20	1,011.47
Furniture and fixtures	14.83	20.22
Vehicles	6.12	7.26
Office equipment	12.35	21.88
Total Property, plant and equipment (3a)	2,053.93	2,203.32

The changes in the carrying value of property, plant and equipment for the year ended 31st March,2021 are as follows:

Cost or Deemed Cost	Freehold land	Buildings	Plant and equipmen	Furniture and fixtures	Vehicles	Office Equipment	Total
Gross Carrying Value as at 1st April,2020	188.27	1,133.45	1,606.29	61.97	11.39	69.87	3,071.24
Additions	-	-	30.83	-	-	-	30.83
Adjustments/Transfer	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	(1.73)	(1.73)
Gross Carrying Value as at31st March ,2021	188.27	1,133.45	1,637.13	61.97	11.39	68.13	3,100.34
Accumulated depreciation as at 1st April,2020	-	179.23	594.83	41.75	4.14	47.98	867.92
Depreciation	-	36.06	128.10	5.40	1.13	9.44	180.13
Accumulated depreciation on deletions	-	-	-	-	-	(1.65)	(1.65)
Accumulated depreciation as at 31st March ,2021	-	215.29	722.93	47.15	5.27	55.78	1,046.41
Carrying Value as at 31st March,2021	188.27	918.16	914.20	14.83	6.12	12.35	2,053.93
Carrying Value as at 31st March,2020	188.27	954.22	1,011.47	20.22	7.26	21.88	2,203.32

The changes in the carrying value of property, plant and equipment for the year ended 31st March,2020 are as follows:

Cost or Deemed Cost	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Total
Gross Carrying Value as at 1st April,2019	188.27	1,130.48	1,606.29	60.26	11.39	66.19	3,062.88
Additions	-	2.97	-	1.71	-	3.68	8.36
Adjustments/Transfer	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	-	-
Gross Carrying Value as at31st March ,2020	188.27	1,133.45	1,606.29	61.97	11.39	69.87	3,071.24
Accumulated depreciation as at 1st April,2019	-	143.18	467.61	34.91	3.01	36.81	685.53
Depreciation	-	36.04	127.22	6.83	1.13	11.17	182.40
Accumulated depreciation on deletions	-	-	-	-	-	-	-
Accumulated depreciation as at 31st March ,2020	-	179.23	594.83	41.75	4.14	47.98	867.92
Carrying Value as at 31st March,2020	188.27	954.22	1,011.47	20.22	7.26	21.88	2,203.32
Carrying Value as at 31st March,2019	188.27	987.30	1,138.68	25.34	8.39	29.38	2,377.36

Notes on property, plant and equipment

1. Refer to note 19 for information on property, plant and equipment pledged as security by the Company.

2. The Company has not recognised impairment loss during the year (31st March 2020 Nil).

3. The Company has not capitalised borrowing cost during the current year (31st March 2020 Nil)

4. Also refer note 2.3(c) for option used by the company to use carrying value of previous GAAP as deemed cost as on 1st April, 2015.

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Notes to Financial Statements for the year ended 31st March, 2021
(Amounts in Lakhs)
3b. 'Other Intangible Assets

Carrying amount of Computer Software

	As at 31st March , 2021	As at 31st March , 2020
Carrying amount of Computer Software	8.68	12.28
	8.68	12.28

The changes in the carrying value of other intangible assets for the year ended 31st March,2021 are as follows:

Cost or Deemed Cost	Computer Software	Total
Gross Carrying Value as at 1st April ,2020	48.61	48.61
Additions	6.40	6.40
Adjustments/Transfer	-	-
Deletions	-	-
Gross Carrying Value as at 31st March ,2021	55.01	55.01
Accumulated depreciation as at 1st April ,2020	36.33	36.33
Depreciation	9.99	9.99
Accumulated depreciation on deletions	-	-
Accumulated depreciation as at 31st March ,2021	46.32	46.32
Carrying Value as at 31st March ,2021	8.68	8.68
Carrying Value as at 31st March ,2020	12.28	12.28

The changes in the carrying value of other intangible assets for the year ended 31st March ,2020 are as follows:

Cost or Deemed Cost	Computer Software	Total
Gross Carrying Value as at 1st April ,2019	48.61	48.61
Additions	-	-
Adjustments/Transfer	-	-
Deletions	-	-
Gross Carrying Value as at 31st March ,2020	48.61	48.61
Accumulated depreciation as at 1st April ,2019	26.05	26.05
Depreciation	10.28	10.28
Accumulated depreciation on deletions		-
Accumulated depreciation as at 31st March ,2020	36.33	36.33
Carrying Value as at 31st March ,2020	12.28	12.28
Carrying Value as at 31st March ,2019	22.56	22.56

1. Computer softwares are amortized over a period of four years.
2. Computer softwares are not internally generated.
3. Also refer note 2.3(c) for option used by the company to use carrying value of previous GAAP as deemed cost as on 1st April, 2015.

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Notes to the financial statements for the year ended 31st March 2021
(Amounts in Lakhs)

4 Loans (Non current)
(Unsecured considered good, unless otherwise stated)

	As at 31st March 2021	As at 31 March 2020
Financial assets at amortized cost		
Loans to employees	-	0.08
	-	0.08

5 Other financial assets (Non current)

	As at 31st March 2021	As at 31 March 2020
Financial assets at amortized cost		
Security deposits	9.17	9.17
	9.17	9.17

6 Other non-current assets

	As at 31st March 2021	As at 31 March 2020
(unsecured considered good unless otherwise stated)		
Prepaid expenses	3.24	2.88
Deferred employee benefit expense	-	0.01
	3.24	2.89

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

	As at 31st March 2021	As at 31 March 2020
Raw materials		
-fabric	229.86	258.55
-trims	135.48	151.30
Stores and spares	16.30	22.73
Work-in-progress	440.42	619.40
Finished goods	56.65	54.49
Raw material in transit	57.66	0.12
	936.36	1,106.59

(i) The cost of inventories recognised as an expense during the year is Rs. 2156.14 lakhs (31st March 2020 Rs.3469.47 lakhs)

(ii) The cost of Inventory recognised as an expense includes Rs. 83.12 lakhs (31st March 2020 Rs. 69.17 lakhs) adjustments to inventory to net realisable value/slow moving.

(ii) Refer to Note 19 for information of inventories pledged as security by the company

8 Trade receivables

	As at 31st March 2021	As at 31 March 2020
Receivable from others		
-secured, considered good		
-unsecured considered good	1,982.15	1,865.40
-credit impaired	25.20	27.93
Less: Allowances	(25.20)	(27.93)
	1,982.15	1,865.40
	1,982.15	1,865.40

(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 130 days (2019-20 130 days) in case of domestic sale.
In case of exports, maximum credit period of 30 days (2019-20 30 days) against letter of credit is provided.

(ii) Ageing of allowance for doubtful trade receivables

	Expected credit Loss	
	As at 31st March 2021	As at 31 March 2020
Less than 365 days	-	-
More than 365 days	25.20	27.93
	25.20	27.93

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(Amounts in Lakhs)

(iii) Age of Receivables

	As at 31st March 2021	As at 31 March 2020
Less than 180 days	1,607.08	1,865.14
More than 180 days	400.26	28.19
	2,007.35	1,893.33

(iv) Movement in expected credit loss allowance

	As at 31st March 2021	As at 31 March 2020
Balance at the beginning of the year	27.93	15.21
Add:- Allowances made during the year/less : Adjustments	-	12.72
Less: Allowances written off during the year	(2.73)	-
Balance at the end of the year	**25.20**	**27.93**

(v) Refer note 42 in respect of the company's exposure to credit and currency risk related to trade receivables.

(vi) No trade or other receivables are due from directors or other officer of the company either severally or jointly with any other person or debts due from firms or private company in which any director is a partner or director or member.

(vii) Refer Note no. 19 for information on trade receivables pledged as security by the company.

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Vardhman Nisshinbo Garments Company Limited
Notes to the financial statements for the year ended 31st March 2021
(Amounts in Lakhs)

9 Cash and cash equivalents

	As at 31st March 2021	As at 31 March 2020
- Cash in hand	0.26	0.15
- Balance with banks		
-SBI CC 5136	48.01	-
Cheques in Hand	0.36	-
	48.63	0.15

10 Loans (Current)

	As at 31st March 2021	As at 31 March 2020
Financial assets at amortized cost		
(unsecured and considered good, unless otherwise stated)		
-Loans to employees	0.43	1.32
	0.43	1.32

11 Other financial assets (Current)

	As at 31st March 2021	As at 31 March 2020
Financial assets at amortized cost		
Interest subsidy receivable (refer note 36)	524.47	524.47
Capital subsidy receivable (refer note 36)	53.42	53.42
Other recoverables	14.10	65.36
	591.99	643.24

12 Income Tax

	As at 31st March 2021	As at 31 March 2020
Income Tax Assets (Net)		
Advance Income Tax (net of provision for tax Rs. 47.59 lakhs 31st March 2020 Rs. 47.59 Lakhs)	13.96	31.35
Total	13.96	31.35

13 Other current assets
(Unsecured considered good, unless otherwise stated)

	As at 31st March 2021	As at 31 March 2020
Prepaid expenses	12.27	9.92
Deferred employee benefit expense	0.01	0.06
GST Recoverable	25.68	42.57
Advances to suppliers and contractors		
Considered good	10.86	9.89
Credit Impaired	2.00	3.55
Less: Allowances	(2.00)	(3.55)
	48.81	62.44

(i) Ageing of provision of advances to suppliers and Contractors

	Expected credit Loss	
	As at 31st March 2021	As at 31 March 2020
Less than 365 days	-	-
More than 365 days	2.00	3.55
	2.00	3.55

(ii) Movement in expected credit loss allowance

	As at 31st March 2021	As at 31 March 2020
Balance at the beginning of the year	3.55	3.55
Add:- Allowances made during the year	-	-
Less:- Allowances written back during the year	1.55	-
Balance at the end of the year	2.00	3.55

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Notes to the financial statements for the year ended 31st March 2021
(Amounts in Lakhs)

14 Equity Share capital

	As at 31st March 2021	As at 31st March 2020
Authorised		
28,000,000 (previous year 28,000,000) equity shares of Rs. 10 each	2,800.00	2,800.00
	2,800.00	**2,800.00**
Issued, subscribed and paid up equity shares		
14,000,000 (previous year 14,000,000) equity shares of Rs. 10 each fully paid up	1,400.00	1,400.00
	1,400.00	**1,400.00**

(a) Rights, preferences and restrictions attached to equity shares

Each holder of Equity share is entitled to one vote per share. In the event of liquidation of the company, the holders are 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.

(b) During the current year and in the previous year, there have been no movements in the number of equity shares outstanding.

(c) Shares held by holding company

	As at 31st March 2021		As at 31st March 2020	
	Number of shares	Amount	Number of shares	Amount
Vardhman Textiles Limited (holding company)	14,000,000	1,400.00	14,000,000	14,000.00
	14,000,000	**1,400.00**	**14,000,000**	**14,000.00**

(d) Aggregate number and class of shares alloted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the balance sheet date

	Aggregate number of shares As at 31st March 2021	Aggregate number of shares As at 31st March 2020
(a) Equity Shares allotted as fully paid up pursuant to contract (s) without payment being received in cash	-	-
(b) Equity Shares allotted as fully paid up by way of bonus shares	-	-
(c) Equity Shares bought back by the Company	-	-

(e) Details of shareholders holding more than 5% shares of the Company

	As at 31st March 2021		As at 31st March 2020	
	Number of shares	% holding of equity shares	Number of shares	% holding of equity shares
Vardhman Textiles Limited	14,000,000	100%	14,000,000	100%
	14,000,000	**100%**	**14,000,000**	**100%**

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15 Other equity

Particulars	As at 31st March 2021	As at 31st March 2020
(i) Equity component of compound financial instruments #	614.46	614.46
(ii) Retained Earnings	(1,739.28)	(1,422.87)
(iii) Reserve for other items through other comprehensive income	29.33	15.82
	(1,095.49)	(792.59)

		As at 31st March 2021	As at 31st March 2020
(a)	**Equity component of compound financial instruments #**		
	Balance at the begining of the year	614.46	614.46
	-Transfer during the year		
	Balance at the end of the period	614.46	614.46

		As at 31st March 2021	As at 31st March 2020
(b)	**Retained Earning**		
	Balance at the begining of the year	(1,422.87)	(1,333.27)
	-Profit/(Loss) for the year	(316.41)	(89.59)
	Balance at the end of the period	(1,739.28)	(1,422.87)

		As at 31st March 2021	As at 31st March 2020
(c)	**'Reserve for other items through other comprehensive income**		
	Balance at the begining of the year	15.82	16.43
	-Remeasurment of defined benefit plans	13.51	(0.62)
	Balance at the end of the period	29.33	15.82
	Total	(1,095.49)	(792.59)

Equity component of compound financial instrument

The Company has issued 10,000,000 10% non-cumulative convertible preference shares of Rs.10 each on 28 June 2013 having tenure of 10 years. These preference Shares can be converted into equity shares of the Company at par any time after its allotment at the option of preference shareholders. The preference shares are presented in the balance sheet as follows:-

Particulars	As at 31st March 2021	As at 31 March 2020
Face value of preference shares issue	1,000.00	1,000.00
Liability component of 10% non cumulative convertible preference shares (shown under long term borrowings (refer note-16)	385.54	385.54
Equity component of convertible preference shares	614.46	614.46

Retained Earnings

Retained earnings refer to net earnings not paid out as dividend but retained by the company to be reinvested in its core business. The amount is available for distribution of dividend to its equity shareholders.

Reserve for other items through other comprehensive income

The changes on account of remeasurement of the employee defined benefit obligation is recognised in other comprehensive income and adjusted in the present value of the defined benefit obliation. The balance can be transferred to retained earnings as and when company decides to do so.

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Notes to the financial statements for the year ended 31st March 2021
(Amounts in Lakhs)

16 Borrowings (Non current) (also refer note 43)

	As at 31st March 2021	As at 31 March 2020
Secured- at amortised cost		
Liability component of 10% Non cumulative convertible preference shares #	808.32	734.84
	808.32	**734.84**

Liability component of 10% non cumulative convertible preference shares includes interest expense of Rs.422.78 lakhs recognised upto current year (including Rs.349.29 Lakhs recognised upto year 31st March, 2020). Interest expense is calulated by applying the effective interest rate of 10% to the liability component.

Liability component of 10% Non cumulative convertible preference shares having tenure of 10 years can be converted into equity shares of the Company at par any time after its allotment at the option of the preference shareholder.

17 Provisions (non current)

	As at 31st March 2021	As at 31 March 2020
Provision for employee benefits		
Leave	18.47	19.68
Gratuity (refer note 39)	63.68	70.43
	82.15	90.11

18 Other non current Liabilities

	As at 31st March 2021	As at 31 March 2020
Deferred Income for Capital subsidy	16.59	20.24
	16.59	20.24

The deferred revenue arises as a result of the benefit received from central government on account of installation of plant and equipment whereby such grant is treated as deferred income and is recognised over the useful life of the assets for which such grant is received.

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(Amounts in Lakhs)

19 Borrowings (Current) (also refer note 43)

	As at 31st March 2021	As at 31 March 2020
Loan repayable on demand		
-From banks (secured)	-	408.75
- From related parties-Vardhman Textiles Limited (unsecured)	3,199.12	2,699.12
	3,199.12	3,107.87

1. The cash credit facilities from State Bank of India are repayable on demand and are secured by hypothecation of entire stock of raw material, stock in process and finished goods, receivables / book debts and other current assets of the Company, both present and future. These limits are also secured by second pari passu charge on entire fixed assets of the Company, both present and future, including factory land and building. The rate of interest as on 31st March 2021 is 8.20% per annum (31st March 2020 9.40% per annum).

2. The interest rate of loan from related parties varies from 4.90% to 6.00% per annum.

20 Trade payables

	As at 31st March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises (refer note 40)	14.63	-
Total outstanding dues of other than micro enterprises and small enterprises	355.95	153.58
Dues to related parties		
- Vardhman Textiles Limited	477.61	858.88
- Vardhman Yarns and Threads Limited	60.85	18.37
	909.05	1,030.84

21 Other financial liabilities (Current)

	As at 31st March 2021	As at 31 March 2020
Financial Liabilities at amortised cost		
Interest accrued but not due on short term borrowings	143.41	113.35
Other payables:		
-employee dues	207.26	219.09
-others	28.36	16.39
	379.03	348.83

22 Provisions (Current)

	As at 31st March 2021	As at 31 March 2020
Provision for employee benefits		
Leave	1.75	1.99
Gratuity (refer note 39)	2.21	2.20
	3.96	4.19

23 Other current liabilities

	As at 31st March 2021	As at 31 March 2020
Statutory remittances		
-Provident fund	12.45	14.13
-Punjab Development Tax	0.09	0.05
-Employee state insurance (ESI)	3.85	3.50
-Labour welfare fund payable	0.73	1.06
-Tax deducted at source	17.67	15.33
Deferred Income for Capital subsidy	3.65	3.65
	38.43	37.73

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Notes to the financial statements for the year ended 31st March 2021
(Amounts in Lakhs)

24 Revenue from operations

	For year ended 31st March 2021	For year ended 31st March 2020
Sale of products		
-own manufactured textile garments (shirts)	3,495.49	5,653.1
-traded goods (fabric)	12.17	22.9
	3,507.67	**5,676.1**
Other operating income		
-scrap sales	5.64	18.86
-export benefits*	58.94	64.54
-Foreign exchange gain (net)	-	3.81
	3,572.25	**5,763.31**

* Export benefits are in the nature of government grants covering following benefits

Rebate of State Levies Scheme (ROSL)	41.61	48.27
Duty Drawback Benefits	17.33	16.27
	58.94	**64.54**

25 Other income

	For year ended 31st March 2021	For year ended 31st March 2020
Liabilites / provisions no longer required written back (Net)	11.33	16.96
Government grant	3.65	3.65
Others	14.38	14.82
	29.35	**35.43**

26 Cost of materials consumed

	For year ended 31st March 2021	For year ended 31st March 2020
Fabric		
Inventory at the beginning of the year	258.55	122.35
Add:- Purchases	1,586.87	3,222.53
Less:-Inventory at the end of the year	229.86	258.55
Cost of Material Consumed	**1,615.56**	**3,086.33**
Trim		
Inventory at the beginning of the year	151.30	115.77
Add:- Purchases	207.09	490.70
Less:-Inventory at the end of the year	135.48	151.30
Cost of Material Consumed	**222.91**	**455.17**
Total	**1,838.48**	**3,541.51**

27 Changes in inventories of finished goods and work-in-progress

	For year ended 31st March 2021	For year ended 31st March 2020
Inventories at the beginning of the year (shirts)		
-work-in-progress	619.40	239.50
-finished goods - own manufactured	54.49	47.11
Less : Inventories at the end of the year (shirts)		
-work-in-progress	440.42	619.40
-finished goods - own manufactured	56.65	54.49
Net Decrease/(Increase)	**176.83**	**(387.28)**

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Notes to the financial statements for the year ended 31st March 2021
(Amounts in Lakhs)

28 Employee benefits expense

	For year ended 31st March 2021	For year ended 31st March 2020
Salaries, wages and other allowances	944.97	1,405.64
Contribution to provident and other funds	71.85	106.34
Staff welfare expenses	6.23	7.25
	1,023.05	**1,519.23**

29 Finance costs

	For year ended 31st March 2021	For year ended 31st March 2020
Interest expense		
Interest expense on liability component of 10% non cumulative convertible preference shares	188.01	195.01
Other borrowing cost	73.48	67.02
	12.75	16.66
	274.24	**278.69**

30 Depreciation and amortisation expense

	For year ended 31st March 2021	For year ended 31st March 2020
Depreciation on property, plant and equipment (Refer note 3a)	180.13	182.40
Amortisation of intangible assets (Refer note 3b)	9.99	10.28
	190.13	**192.68**

31 Other expenses

	For year ended 31st March 2021	For year ended 31st March 2020
Consumption of stores and spare parts	20.97	47.34
Packing materials consumed	119.87	267.91
Power and fuel	74.46	110.34
Freight, clearing and forwarding	43.78	70.19
Repairs and maintenance		
- Machinery	21.41	40.18
- Building	0.68	7.76
Insurance	7.53	9.57
Rates and taxes	2.93	3.38
Legal and professional	31.62	34.99
Payment to Auditor (refer note 37)	1.72	2.16
Travelling and conveyance	10.28	42.03
Printing and stationery	5.36	9.65
Communication and IT expenses	8.57	9.34
Sales promotion and commission on export	8.59	22.87
Shirt Testing Charges	12.36	20.00
Expense for group corporate services	2.85	2.85
Processing charges	20.59	0.19
Allowances for doubtful debts	-	12.72
Sundry balances written off	0.02	0.18
Discard on Property, plant and equipment	0.09	-
Foreign exchange Loss (net)	2.28	-
Miscellaneous	19.33	26.06
	415.29	**739.72**

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Notes to Accounts for the year ended 31st March 2021

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

The following is an analysis of the company's revenue from its products and services

Type of products *(Amounts in lakhs)*

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Sale of readymade garments (shirts)	3,495.49	5,653.18
Sale of Fabric	12.17	22.93
Total	3,507.67	5,676.11

(Sale of readymade garments includes Sale of Mask/PPE for year 2020-21)

(a) Total Revenue from Contracts with Customers

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Revenue from Customers based in India	2,604.58	4,810.24
Revenue from Customers based outside India	903.09	865.87
Total	3.507.67	5,676.11

(b) Timing of Revenue Recognition

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Revenue from goods transferred to customers at a point in time	3,507.67	5,676.11
Revenue from goods transferred to customers over time	-	-
Total	3,507.67	5,676.11

Trade receivables and Contract Balances

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

The balances of trade receivables at the beginning and end of the reporting period have been disclosed at Note no. 8.

The revenue of Rs. Nil has been recognised during the year ended 31st March 2021 against performance obligations satisfied (or partially satisfied) in previous periods.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2021 is Rs. Nil (31st March, 2020 Nil).

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Notes to Accounts for the year ended 31st March 2021

33. Earnings per share:

The computation of basic and diluted earnings per share is set out below:

(Rs in Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Profit attributable to equity holders of the company used in calculating basic earning per share	(316.41)	(89.59)
Weighted average number of equity shares for the purpose of basic earning per share (Numbers)	1,40,00,000	1,40,00,000
Profit attributable to equity holders of the company used in calculating dilutive earning per share	(316.41)	(89.59)
Weighted average number of equity shares for the purpose of dilutive earning per share (Numbers)	1,40,00,000	1,40,00,000
Basic earnings per share (in Rs.)	(2.26)	(0.64)
Diluted earnings per share (in Rs.)	(2.26)	(0.64)
Nominal value of equity share	10	10
Nominal value of 10% Non-cumulative convertible preference share	10	10

*10% non-cumulative convertible preference shares are the potential equity shares considered to be anti-dilutive in nature; Accordingly these have not been adjusted to arrive at the dilutive earnings per share.

34. Capital commitments and others:

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Exports obligations under Export Promotion Capital Goods (EPCG) scheme	Nil	Nil
(b). As per the sanction letter for the term loan taken from a bank, the company is required to create a reserve before December'2017 equivalent to 50% of repayment of installments of the year 2018, 2019 and 2020. The above commitment has been waived off by the bank during the year on a special request by the management of the company.		

35. Related parties:

(i) Related parties and nature of related party relationship:

Description of relationship	Name of the party
Holding Company	Vardhman Textiles Limited, India
Associate of Holding Company	Vardhman Yarns and Threads Limited, India Vardhman Special Steel Company Limited
Fellow Subsidiaries	VMT Spinning Company Limited Vardhman Acrylics Limited

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Notes to Accounts for the year ended 31st March 2021

(ii) Key Management Personnel

(i)	Whole Time Director till 10th Sep 2020	Mr. D.L. Sharma
(ii)	Whole Time Director from 19th Oct 2020 till 15th March 2021	Mr. Vikas Kumar
(iii)	Whole Time Director w.e.f. 16th March 2021	Mr. D.K. Sindwani
(iv)	Chief Financial Officer w.e.f 1st March 2020	Mr.Amit Khullar
(v)	Company Secretary	Mr.Sanjay Gupta (upto 11-04-2021)

(iii) Transactions with related parties:

(Amounts in Lakhs)

Particulars	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Short-term borrowings taken during the year		
Vardhman Textiles Limited	500.00	1000.00
Interest expense on short-term borrowings		
Vardhman Textiles Limited	143.41	113.35
Interest paid on short-term borrowings		
Vardhman Textiles Limited	113.35	114.36
Expenses paid on behalf of the others		
Vardhman Textiles Limited	0.08	0.15
Vardhman Special Steels	NIL	0.05
Expenses paid by others on behalf of the Company		
Vardhman Textiles Limited	6.38	5.67
Vardhman Yarns and Threads Limited	74.18	106.52
Purchase of raw materials		
Vardhman Textiles Limited	824.64	2265.90
Purchase of stores and spares/ capital items		
Vardhman Textiles Limited (Store & Spare items)	NIL	0.37
Vardhman Yarns and Threads Limited	18.60	40.99
Vardhman Special Steel Limited	NIL	0.01
Revenue from		
Vardhman Textiles Limited	132.52	42.65
Vardhman Yarns and Threads Limited	13.01	11.66

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Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Vardhman Special Steel Limited	26.85	5.77
VMT Spinning Company Limited	0.36	0.74
Vardhman Acrylics Limited	1.07	10.09
Remuneration paid to Key managerial personnel		
Mr. Anil Sood	NIL	2.24
Mr.Amit Jain	NIL	3.25
Mr.Amit Khullar	10.21	0.85

iv) Balances due from/ to the related parties:

(Amounts in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Short-term borrowings		
Vardhman Textiles Limited	3199.12	2,699.12
Interest accrued but not due on short-term borrowings (net of TDS)		
Vardhman Textiles Limited	143.41	113.35
Trade payables		
Vardhman Textiles Limited	477.61	858.88
Vardhman Yarns and Threads Limited	60.85	18.37

36. The Government introduced the modified Technology Upgradation Fund Scheme (TUFS) for the textiles and jute industries with effect from 1 April 2007 in order to provide the financial and operational parameters of the scheme in respect of loans sanctioned with effect from 1 April 2007. Complying with the conditions of the Scheme, the Company received initial approval under TUFS, to the extent of Rs.1,952.00 lacs. On account of savings in the project cost post implementation this amount is being worked out to Rs.1,699.32 lacs on the basis of which claims have been acknowledged by the bank.

The Scheme provides the following benefits to the Company:

- a reimbursement of 5% on the interest charged by the lending agency on technology upgradation project in conformity with the Scheme.
- 10% capital subsidy on specified machinery required in manufacture of technical textiles and garmenting machines.

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As per the above Scheme, the Company has recognised:

- Interest subsidy of 5% amounting to Rs.577.89 (previous year Rs. 577.89) in the Statement of Profit and Loss, with a recoverable Rs. 524.47 (previous year Rs. 524.47) under the head "Other financial assets" in the balance sheet.

- 10% capital subsidy amounting to Rs.53.42 Lakhs (previous year Rs. 53.42) on specified machinery by showing the same as a deferred government grant with a recoverable under the head "Other financial assets" in the Balance Sheet.

Recently to release the hold subsidy by the Ministry of Textiles (MOT) under TUFS scheme, MOT had issued the circular no. F. No. 16015/01/2019-TUFS dated 14 June 2019 regarding conduct of physical verification of machinery procured under TUFS scheme. As per the said circular, Joint Inspection Team (JIT) to be formed to conduct the physical verification of machinery installed and the subsidy will be released subject to compliance with the requirements of Joint Inspection.

The company had filed the required documents in compliance for JIT in order to release the pending subsidy to the MOT through respective banks. Amidst Covid 19 situation, the process has been delayed for JIT for the last one year. It is pertinent to mention that the subsidy outstanding in the books stands recoverable and same will be disbursed once JIT is completed by Ministry of Textiles.

37. Auditor's remuneration:

(Amounts in Lakhs)

Particulars	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Audit fee (Net of indirect taxes)		
- Audit Fee	1.00	1.00
-Tax audit fee	0.50	0.50
- In Other Capacity	0.20	Nil
- Reimbursement of expenses	0.02	0.65
Total	**1.72**	**2.15**

38. Segment reporting

The Company is primarily in the business of manufacturing and sale of textile garments (mainly shirts). The Managing Director of the company, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the company performance, allocates resources based on the analysis of the various performance indicators of the company as a single unit. Therefore there is only one reportable segment for the company.
From product perspective the company is a single segment company operating in garment business and disclosure requirements as contained in Ind AS 108 'Operating Segments' are not required.

Information by Geographies –

Particulars		**(Rs in lakhs)**
Revenue from Operations	For the year ended 31st March, 2021	For the year ended 31st March, 2020
India	2604.58	4810.24
Outside India	903.09	865.87

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The company has business operations only in India and does not hold any Non current segment assets outside India.

Revenue from Five major customers amounted to Rs.2,356.68 aggregating to 67.19% of total revenue during the year ended 31 March 2021 (Rs. 4,384.68 aggregating to 77.25% of total revenue during the year ended 31 March 2020.

Two customers contributed more than 10% Rs.1,579.14 lakhs to the company's revenue in 2020-21 and four customers contributed more than 10% Rs. 3957.70 lakhs to the company's revenue in 2019-20.

39. Disclosures pursuant to Ind AS 19 - "Employee benefits"

General description of defined benefit plan:

Gratuity plan: 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.

The cost of the defined benefit plans are determined using actuarial valuation. The actuarial valuation involves making various assumptions that may differ from actual developments in the future.
These plans typically expose the company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

i. Salary Risk- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

ii. Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

iii. Interest Risk- A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the plan assets.

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

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The following tables set out the disclosures in respect of the gratuity plan as required under Ind AS 19- Employee Benefits

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

(Amounts in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Present Value of defined benefit obligation at the beginning of the year	72.62	64.14
Current service cost	16.26	21.13
Interest cost	4.94	4.91
Actuarial (gains) / losses	(13.51)	0.62
Benefits paid	(14.42)	(18.17)
Present Value of Defined benefit obligation at the end of the year	**65.89**	**72.62**

(A) The amounts recognized in the Balance Sheet are as follows:

(Amounts in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Present value of obligation as at the end of the year	65.89	72.62
Fair value of plan assets as at the end of the year	Nil	Nil
Funded / (unfunded) status	(65.89)	(72.62)
Net assets / (liability) recognised in Balance Sheet	(65.89)	(72.62)

(B) The amounts recognized in the Statement of Profit and Loss are as follows:

(Amounts in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	16.26	21.13
Past service cost	Nil	Nil
Interest cost	4.94	4.91
Expected return on plan assets	Nil	Nil
Total amount recognized in statement of Profit and loss	21.20	26.04

The current service cost and interest expenses are included in Employee Benefit expense Note no 28. The Remeasurement of the defined benefir obligation liability is included in Other Comprehensive Income.

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(C) The amounts recognized in the Other Comprehensive Income are as follows:

(Amounts in Lakhs)

Particulars	**Year ended 31st March 2021**	**Year ended 31st March 2020**
Actuarial gain / (loss) for the year – obligation	13.51	(0.62)
Actuarial gain / (loss) recognized in the year	13.51	(0.62)

(D)The Principal assumptions used for the purpose of the actuarial valuation are as follows:

Economic assumptions	**For the year ended 31st March 2021**	**For the year ended 31st March 2020**
Discount rate	6.79%	6.80%
Expected rate of salary increase	6.00%	6.00%
Method used	Project unit credit method	Project unit credit method

Demographic assumptions		
Retirement age	58 years	58 years
Mortality table	IALM (2012-14) ultimate	IALM (2012-14) ultimate
Withdrawal rates	5%	5%

(E) 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 31 March 2021**	**As at 31 March 2020**
Discount Rate		
0.50% Increase	(3.74)	(4.37)
0.50% decrease	4.10	4.82
Future Salary increase		
0.50% Increase	4.12	4.84
0.50% decrease	(3.78)	(4.43)

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(F) Maturity profile of defined benefit obligation:

(Amounts in Lakhs)

Particulars	**As at 31st March 2021**	**As at 31st March 2020**
Within 1 year	2.20	2.20
1-5 year	7.99	12.10
Beyond 5 years	55.70	58.31

(G) Expected contribution for the next Annual reporting period is Rs. 29.13 lacs (Previous year Rs. 33.48 lacs)

(H) Amount recognized in profit and loss in Note no. 28 "Employee benefits expense" under the head Salaries, wages and other allowances towards leave liability is Rs.11.88 lakhs (31st March, 2020 is Rs. Rs.19.18 lakhs)

(I)Amount taken to balance sheet	2020-21	2019-20
Current	1.75	1.99
Non Current	18.47	19.68

40. The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 are here as under:

Particulars	**For the year ended 31st March 2021**	**For the year ended 31st March 2020**
Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year		
- Principal amount	14.63	Nil
-Interest due thereon	Nil	Nil
Amount of payments made to suppliers beyond the appointed day during the year		
- Principal amount	Nil	Nil
-Interest due thereon	Nil	Nil
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	Nil	Nil
Interest accrued and remaining unpaid at the end of the year		
-Interest accrued during the year	Nil	Nil
-Interest remaining unpaid as at the end of the year	Nil	Nil
Interest remaining disallowable as deductible expenditure under the Income tax Act, 1961	Nil	Nil

Note: The amounts have been determined to the extent such parties have been identified on the basis of information available with the company.

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41(A) Deferred taxes

The Company has significant accumulated brought forward losses from earlier years and the management is of the view that it is not probable to realise the deferred tax assets in the near future. Accordingly, in the absence of probability of future profits, the deferred tax assets have been recognized only to the extent of deferred tax liability.

The components of net deferred tax assets are as follows:- *(Amounts in Lakhs)*

Particulars	**As at 31st March 2021**	**As at 31st March 2020**
Deferred tax liabilities (a)		
Property plant and equipments	263.53	278.39
Total	**263.53**	**278.39**
Deferred tax assets (b)		
Unabsorbed depreciation -Restricted to the extent of deferred tax liabilities recognized	263.53	278.39
MAT Credit Entitlement	43.80	43.80
Total	**307.33**	**322.19**
Net deferred tax assets (a - b)	43.80	43.80

Reconciliation of tax expense and the Profit before tax: *(Amounts in Lakhs)*

Particulars	**For the year ended 31st March 2021**	**For the year ended 31st March 2020**
Accounting profit before tax	(316.41)	(85.80)
Add:		
1/5th of transition amount	98.03	98.00
Allowances for doubtful debt	-	12.72
Re measurements of the defined benefits plans recognized in OCI	13.51	-
Less:	-	-
Re measurements of the defined benefits plans recognized in OCI	-	0.62
Book Profits	(204.87)	24.30
Tax @ 15.60% (Previous year 15.60%)	-	3.79

Note: The decrease in tax rate is consequent to changes made in the Finance Act, 2019.

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42. Financial Instruments and risk management

42.1 Capital Management

The capital includes issued equity capital, 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 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 is not subject to externally imposed capital requirements. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's gearing ratio was as follows:

(Amounts in Lakhs)

Particulars	**As at 31st March 2021**	**As at 31st March 2020**
Borrowings	4007.44	3,842.71
Less: Cash and cash equivalents	48.63	0.15
Net debt (A)	3958.81	3,842.56
Total equity (B)	304.51	607.41
Gearing ratio (A/B*100)	1300.06%	632.61%

Further, there have been no such breaches in the financial covenants of any interest-bearing loans and borrowings in the current period which would have permitted the bank to immediately call loans and borrowings.
There were no changes in the objectives, policies or processes for managing capital during the year as compared to the previous year.

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(Amounts in Lakhs)

42.2 Capital Management

(a) The carrying value and fair value of financial instruments by categories at the end of each reporting period is as follows:

As at 31st March 2021

Particulars	Amortized cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Financial assets:							
Loans (Non-Current)	-	-	-	-	-	-	-
Other financial assets (Non-Current)	9.17	-	-	-	-	9.17	9.17
Trade receivables	1,982.15	-	-	-	-	1,982.15	1,982.15
Cash and cash equivalents	48.63	-	-	-	-	48.63	48.63
Loans (Current)	0.43	-	-	-	-	0.43	0.43
Other financial assets (Current)	591.99	-	-	-	-	591.99	591.99
Total	2,632.37	-	-	-	-	2,632.37	2,632.37
Financial liabilities:							
Borrowings (Non-Current)	808.32	-	-	-	-	808.32	808.32
Borrowings (Current)	3,199.12	-	-	-	-	3,199.12	3,199.12
Trade Payables	909.05	-	-	-	-	909.05	909.05
Other financial liabilities (current)	379.03	-	-	-	-	379.03	379.03
Total	5,295.52	-	-	-	-	5,295.52	5,295.52

As at 31st March 2020

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Financial assets:							
Loans (Non-Current)	0.08	-	-	-	-	0.08	0.08
Other financial assets (Non-Current)	9.17	-	-	-	-	9.17	9.17
Trade receivables	1,865.40	-	-	-	-	1,865.40	1,865.40
Cash and cash equivalents	0.15	-	-	-	-	0.15	0.15
Loans (Current)	1.32	-	-	-	-	1.32	1.32
Other financial assets (Current)	643.24	-	-	-	-	643.24	643.24
Total	2,518.37	-	-	-	-	2,518.37	2,518.37
Financial liabilities:							
Borrowings (Non-Current)	734.84	-	-	-	-	734.84	734.84
Borrowings (Current)	3,107.87	-	-	-	-	3,107.87	3,107.87
Trade Payables	1,030.84	-	-	-	-	1,030.84	1,030.84
Other financial liabilities (current)	348.83	-	-	-	-	348.83	348.83
Total	5,222.38	-	-	-	-	5,222.38	5,222.38

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

(b) Basis of Fair value of Financial assets and liabilities

(i) Fair Value hierarchy

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value:

As at 31st March 2021

Particulars	Fair value	Fair value measurement at the end of reporting period/year using		
	As at 31st March 2020	Level 1	Level 2	Level 3
Other financial current liabilities				
-Derivative financial instruments	-	-	-	-

As at 31 March 2020

Particulars	Fair value	Fair value measurement at the end of reporting period/year using		
	As at 31st March 2020	Level 1	Level 2	Level 3
Other financial current assets				
-Derivative financial instruments	-	-	-	-

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42.3 Financial Risk Management

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, other than derivatives include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks that advises on financial risks and the appropriate financial risk governance framework for the Company.

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

a) 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:

(i) Foreign currency risk

(ii) Investment risk

(iii) Interest rate risk

(i) Foreign currency risk

The company operates internationally and business is transacted in several currencies. 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 hedging the transactions that are expected to occur within a period of twelve months. The Company uses foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company's exposure to foreign currency risk was based on the following amounts as at the reporting dates:

(Amounts in FC)

Particulars	**As at 31st March 2021**	**As at 31st March 2020**
(a) Exposure on account of Financial Assets		
(i) Trade receivables		
-In USD	0.70	0.67

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(b) Amount hedged through Forwards and Options related to Financial Assets		
-In USD	0.20	Nil
c) Net Exposure to Foreign Currency Risk related to Financial Assets (a)-(b)		
-In USD	0.50	0.67
d) Exposure on account of Financial Liabilities		
(i) Trade Payables		
-In USD	Nil	Nil
e) Amount hedged through Forwards and Options related to Financial Liabilities		
-In USD	Nil	Nil
f) Net Exposure to Foreign Currency Risk related to Financial Liabilities (d)-(e)		
-In USD	Nil	Nil
(g) Net exposure to foreign currency risk (assets) (c-f)	Nil	Nil
-In USD	0.50	0.67

The following significant exchange rates applied during the year:

Particulars	2020-21 (Average exchange rate)	2019-20 (Average exchange rate)	2020-21 (Year end rates)	2019-20 (Year end rates)
INR/USD	74.23	70.89	73.11	75.55

Foreign currency sensitivity analysis

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

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(Amounts in FC) (in Lakhs)

Particulars	**As at 31st March 2021**	**As at 31st March 2020**
10% Strengthening/weakening of USD against INR	3.69	5.05

(ii) Investment Risk

The company has not made any investment hence it is not exposed to investment risk.

(iii) Interest Rate Risk

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

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

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

(Amounts in Lakhs)

Variable rate instruments	**As at 31 March 2021**	**As at 31 March 2020**
Short term borrowings	3199.12	3107.87

Fixed rate instruments	**As at 31 March 2021**	**As at 31 March 2020**
Liability component of 10% non cumulative preference shares term borrowings	808.32	734.84

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Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	31st March 2021	31st March 2020
Increase/ (decrease) in 100 basis point	31.99	31.08

b) Liquidity Risk

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

The below is the detail of contractual maturities of the financial liabilities of the company at the end of each reporting period:

(Amounts in Lakhs) **Particulars**	**As at 31st March 2021**	**As at 31st March 2020**
Long Term Borrowings including current maturity of long term debts (Carrying amount)	808.32	734.84
Less Than 1 Year		
1 to 2 Years	Nil	Nil
3 to 5 Years	808.32	734.84
Short Term Borrowings (Carrying amount)	3199.12	3107.87
Less Than 1 Year	3199.12	3107.87
1 to 2 Years	-	-
3 to 5 Years	-	-
Trade Payables (Carrying amount)	909.05	1030.84
Less Than 1 Year	909.05	1030.84
1 to 2 Years	-	-
3 to 5 Years	-	-

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Other Financial liabilities (Carrying amount)	379.03	348.83
Less Than 1 Year	379.03	348.83
1 to 2 Years	-	-
3 to 5 Years	-	-

c) Credit Risk

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 cash equivalents. other 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. The Company's credit risk in case of all other financial instruments is negligible.

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 major customers are generally covered by letters of credit or other means of credit insurance.

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. On account of adoption of IND AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from external credit rating agencies and company's historical experience for customers.

The following table gives the detail of revenues generated from top five customers of the company:

(Amounts in Lakhs)

Particulars	**As at 31st March 2021**	**As at 31st March 2020**
(a)Revenue from top five customers		
- Amount of sales	2356.68	4384.68
-% of total sales	67.19	77.25

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Credit Risk Exposure

The following table gives the detail regarding credit risk exposure from expected credit loss of customer balances.

Particulars	As at 31st March 2021	As at 31st March 2020
(b)Allowance for expected credit losses		
-Balance at the beginning of the period	27.93	27.93
-Impairment loss recognized	Nil	Nil
-Amount written off	2.73	Nil
-Balance at the end of the period	25.20	27.93

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables as disclosed at Note 8.

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

(Amounts in Lakhs)

Particulars	Year ended 31st March 2021		Year ended 31st March 2020	
	Non current Borrowings (incl current maturities)	Current Borrowings	Non current Borrowings (incl current maturities)	Current Borrowings
A. Borrowings from banks				
Balance at the beginning of the period	Nil	408.75	720.00	763.75
Add: Changes during the period				
changes from financing cash flows	Nil	(456.75)	(720.00)	(355.00)
Balance at the end of the period	Nil	(48.00)	Nil	408.75
B. Deposits from body corporates				
Balance at the beginning of the period	-	2699.12	-	1699.12
Add: Changes during the period				
changes from financing cash flows	-	500.00		1000.00
Balance at the end of the period	-	3,199.12	-	2,699.12

44. 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, among the Company, its holding company (Vardhman Textiles Limited) and its fellow subsidiary (VMT Spinning 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.

SCV & CO. LLP Chartered Accountants

Vardhman Nisshinbo Garments Company Limited

Notes to Accounts for the year ended 31st March 2021

45. Impairment of Assets

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

46. Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

For and on behalf of the Board of
Vardhman Nisshinbo Garments Company Limited

SCV & CO. LLP Chartered Accountants

D.K. Sindwani	**Neeraj Jain**
Director	Director
DIN: 02317742	DIN: 00340459

Amit Khullar
Chief Financial Officer

Vardhman Nisshinbo Garments Company Limited D-295.2 Phase-VIII, Focal Point, Ludhiana 141123

Place: Ludhiana

Date: 11.05.2021