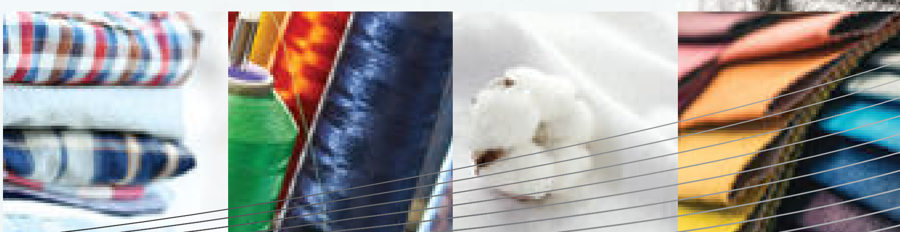
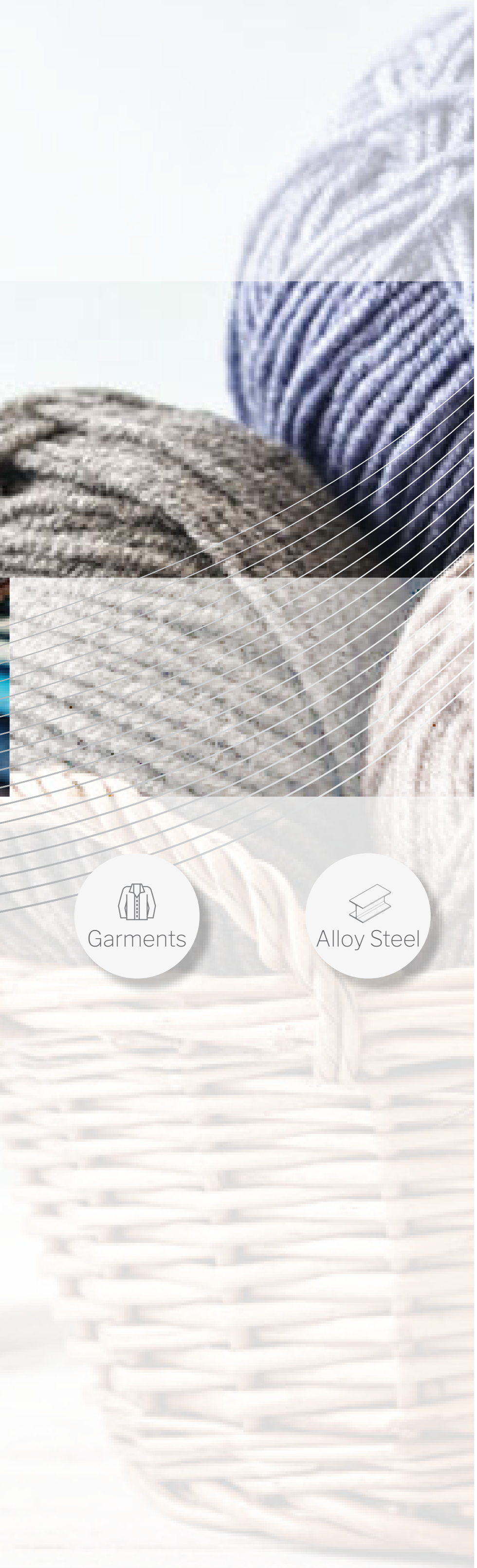
Vardhman

Delivering Excellence. Since 1965.

DELIVERING VALUE WITH

EXPERIENCE & GROWTH





Yarns

Fabrics

Acrylic Fiber

Sewing Thread

Garments

Alloy Steel

Vardhman Textiles Ltd.

Annual Report **2017-18**

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Forward-Looking Statements

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

Creating value never really happens in a vacuum. At Vardhman, we have witnessed excellence being the by-product of our experience – the more we did our work, the better we got at it.

And along the way, we saw growth being the by-product of that excellence – because the better we got at our work, the wider our horizons got and the higher our achievements went. And now, as we stride ahead with both experience and growth by our side, we are getting closer to our aim of creating true value – for our people, our customers, our stakeholders and our industry.

In other words, we continue to take positive strides as a leading textile conglomerate in the country.

KNOWING VARDHMAN TEXTILES LIMITED

With more than five decades of presence, Vardhman is today among the leading textile conglomerates in the country. Beginning humbly in the year 1965, Vardhman group has evolved over the years into a modern day textile major under the dynamic leadership of its chairman, Mr. S. P. Oswal.

Vardhman Textiles Limited today stands as an epitome of perpetual business growth and rich industry experience.

Engaged in the business of manufacturing of Yarn, Fabric, Acrylic Fibre, Garments, Sewing Threads and Alloy Steel, the Group has over the years developed as a business conglomerate with presence in India and in 75 countries across the globe.

Vardhman is one of the India's largest textile manufacturer, with leading market share and sustainable business model.

What makes Vardhman different?

Our successful business model has helped us differentiate ourselves from others. It can be distilled into the following areas:

Highly talented team
At Vardhman, we have in place a strong, capable and experienced management team delivering results that drive the company ahead

Focused approach
Targeted and focused diversification over the years has helped Vardhman build on its core skills and create a pervasive presence across the value chain

Technology focused
At Vardhman, over the years, we have collaborated with some of the best technology players in the world and have developed a strong in-house technical team which played an instrumental role in helping Vardhman emerge as a technology-forward company

Customer focused
At Vardhman, we continuously engage with our customers to understand their requirements. We enjoy repeat business from existing customers on account of enduring relationships

WE ARE DIVERSE BY

OUR BUSINESS VERTICALS

Yarns | Fabrics | Acrylic Fibre | Sewing Thread | Garments | Alloy Steel

Vardhman in numbers

Largest
Spindles count in the country

Largest
manufacturer of Hand knitting yarn in India

140 MMPA
Processing Capacity

18 MMPA
Printing Line

1276
Looms

2 nd
Largest producer of sewing threads in India

VARDHMAN STANDS FOR

- A symbol of Trust
- Experience of more than five decades in the textile industry
- Leading manufacturer and exporter of cotton yarn in India.
- 25 state-of-the-art manufacturing facilities
- Presence in more than 75 countries across the globe

VARDHMAN GROUP MILESTONE JOURNEY

1965

Vardhman started its operations with 6000 spindles

1982

Vardhman group entered the sewing thread market

1986

The group acquired steel unit from Mohta Industries which is now known as Vardhman Special Steels

1992

Vardhman diversified its operations by entering into weaving business with a plant in Baddi, Himachal Pradesh

1999

A plant in Bharuch, Gujarat was set up by the group for production of Acrylic Fibre

2000

Vardhman entered into processing of fabrics

2007

Vardhman established its first composite plant in 2007 with Spinning, Weaving and Processing facilities

2011

The group entered into garment business with manufacturing of formal shirts for men

2013

With increase in spindle capacity to 10 lakh, Vardhman reached the highest spindle capacity in the country

2015

Vardhman completed 50 Golden years

2016

Printed Fabric Unit started in March

OUR COLLABORATIONS

Company	Year of Collaboration	Collaborated for
Nihon Sanmo *Japan*	1992	Fibre and Yarn Dyeing
Toho Rayon *Japan*	1995	Cotton Yarns
Exlan and Marubeni *Japan*	1996	Acrylic Fibre
Tokai Senko *Japan*	1998	Fabric Finishing and Dyeing
American and Efird *USA*	2001	Sewing Threads
Nisshinbo *Japan*	2002	Cotton Yarns
Nisshinbo *Japan*	2009	Garment Business

VARDHMAN'S ENTRENCHED PRESENCE

Being engaged in this competitive textile business for over five decades now, one thing we have learned is that manufacturing at competitive cost is the key to survival. The competence to manufacture at competitive cost is not as facile as it appears. At Vardhman, this has been made possible by our 25 state-of-the-art facilities located in different states of India. These facilities help Vardhman to be cost effective, enjoy economies-of-scale, effective yet maximum capacity utilisation, quick product switch and consistent product quality.

Manufacturing facilities

Ludhiana, Baddi, Hoshiarpur, Malerkotla, Jhagadia, Budhni, Satlapur, Mandideep, Perundurai, Vizag

BRANDS WE SERVE

A | X ARMANI EXCHANGE

BOSS HUGO BOSS

Calvin Klein

H&M

PETER ENGLAND

RALPH LAUREN

TOMMY HILFIGER

ZARA

ARROW USA 1851

benetton

GAP

M&S EST. 1884

Pepe Jeans LONDON

THE HOUSE OF LOUIS PHILIPPE

VAN HEUSEN

VARDHMAN COMPETITIVENESS

US $2.6 trillion
Expected global apparel market size by 2025.

US $230 billion
Expected Indian apparel market size by 2025.

Vardhman has been a long standing player in the ever evolving textile industry and has a product portfolio that enabled the Company to have a presence across the textile value chain.

12 locations have been approved by the government to set up apparel parks to promote exports.

We already have a strong export presence in more than 75 countries across the globe.

350+
Key international clients the Company is associated with.

With the growing urbanisation, the demand for branded apparels is on a rise in India.

Our efficient manufacturing and high degree of focus on design and innovation have paved the way for sales to mass-market brands.

More than 40% of our fabric is sold to domestic and international brands such as GAP, H&M, Peter England, Van Heusen, and Wills among others.

Evolving technologies have opened up new opportunities for companies in areas of product development and higher operational efficiencies.

Pioneer in new technology adoption and undertakes regular upgradation of machines and systems.

₹100+ crore
Average investment in new technologies and system upgradation in the last five years.

Shifting demographics and growing urbanization, the demand for better-quality and innovative products is on the rise in India.

Vardhman has pioneered the introduction of 100% cotton mélange into India in 1995.
It also pioneered the introduction of Core spun yarns technology in India in 1998.

Market Opportunities

Vardhman's Advantage

The four pillars which have helped Vardhman maintain its competitiveness

1

Adapting to change

To form partnerships and networks with customers, consumers, government, suppliers and others in order to make a sustainable difference. Adapting to change is about actively engaging with different stakeholders to reinvent itself and help the Company re-establish itself in the competitive textile market.

2

Lead innovation

We inspire and excite our customers by delivering more significant innovation, tailored to their changing preferences. This accelerates the translation of customer needs into significant new business opportunities that will help us be in line with our growth strategy. With the technology race speeding up, our innovation has also gone beyond the lab, extending into every interaction with our customers and channel partners.

3

Focus on opportunities

We prioritize the customers, markets and activities that hold the biggest opportunities for creating impact. Given Vardhman's broad portfolio of products, it is critical that we hone our ability to focus on key priorities and maximize value.

4

Grow our people

We want to enable our employees to develop their professional and leadership skills. This will include more effective development programs, customized to the needs of specific parts of the organization. This helps both our people and organization to evolve into better entities.

OUR BUSINESS MODEL

Input

Equity

₹57.43 Cr

Cash generated

₹774 Cr

Group Presence in six different verticals

- Yarn
- Fabrics
- Threads
- Fibres
- Garments
- Steel

Key relationships

- Customers
- Distributors
- Channel partners
- Sales agents
- Renowned global alliances

Business activities

Strong manufacturing capabilities

Technology investments in
- Raw-material and order management
- Inventory management
- Receivable and payable management

Sustainable products and solutions in the textile industry
- **Unique** product portfolio based on expertise and application knowhow
- **Enhanced** our portfolio with niche, value-driven products thereby accelerating cross-sale and reinforcing our volume-value positioning

Relationship management
- Focus on understanding the clients need accurately and working jointly to provide the right solutions
- Developed a strong support team
- Maintain strong service ethics
- Devise promotion programs in line with vendor and channel partner expectations

Economies-of-scale
- Enhanced manufacturing presence with multiple facilities, enables the Company to achieve economies-of-scale and enhanced bargaining power

Technological enhancement
- Continuous and strategic investment in technological upgradation across all the business functionalities

Outputs

Sustainable and high applicability products and solutions, market leadership position

- Have been able to emerge as the leading manufacturer and exporter of cotton yarn in India
- Enabling our customers to save time and cost with an efficient order management system

Responsible operations

- Ensured wide spread product presence with a deep rooted network
- Revenue generated from the sale of products in FY18 is ₹ 5,851 crore

Relationship

- Grew its alliances and partners count continuously since inception

Technology

- Sustained investment in technology, has helped the Company to operate efficiently with greater productivity in each business function

Outcomes

Customers

- Trusted product quality, optimum customer satisfaction, and timely product delivery
- Largest manufacturer and exporter of cotton yarn in India

Business alliances

- Not known just as a manufacturer of textile products but rather as a success-driving partner
- Associate with new brands to drive growth

Integrated

- One of the few companies in the industry to have a presence across the value chain

Stakeholders return

- ₹ 473 crore paid in dividends in the last five years
- The Company is paying dividend continuously since last forty years
- Completed a ₹ 720 crore buyback in FY 2016-17
- Upgrade of Credit Rating from AA to AA+ by CRISIL

Society

- The Company contributes towards promoting education, improving health care facilities, safeguarding environment and promoting skill development

CHAIRMAN'S COMMUNIQUE

₹300 Cr

Invested towards modernisation of our assets and enhancement of our capacity in FY18

224

Wider-width looms to be installed in additional loom shed in Baddi

Dear shareholders,

I am pleased to present Vardhman's FY18 performance. On the face of it, the Company's performance was not in line with our expectations. However, looking at the bigger picture I would like to communicate that in a cyclical business like ours, our manner of sustaining such crests and responding to troughs distinguishes Vardhman. Our distinctive response to the tough industry scenario resulted into passing the tough time with minimal decline in the profits and is expected to translate into enhanced revenues, margins and surpluses across the foreseeable future.

Sectoral challenges

The Central Government implemented the GST in July 2017. Even as the implementation of GST was perhaps the most significant taxation reform in the history of independent India, the resultant teething issues impacted the textile sector unfavourably initially.

Concurrently, appreciation of the Indian rupee through the course of the year affected export prospects. Besides, synthetic yarn and fabric imports were earlier subject to a countervailing duty. With no such duty on domestic yarn and fabrics, a large quantum of imported synthetic yarn and garments from competing countries entered the system, affecting the presence and competitiveness of the domestic players.

Unexpected fluctuations in the prices of raw materials, specially cotton, owing to new arrivals of cotton at pretty low prices, shortage of cotton stock in India and large quantum of import of cotton at higher prices in later half FY18 also had its share of impact. Increase in the crude prices and rise in the prices of the yarn in the second half also impacted the industry.

Vardhman's response

At Vardhman, we too bore the brunt of these adverse macroeconomic trends but thanks to our experience we

We continued to modernise facilities with the objective to enhance operating efficiencies, moderate costs and achieve qualitative consistency.

We have come this far by building on the experiences of these difficult years and utilising these experiences we would continue to build our future.

exhibited a sense of determined responsiveness in the face of these unfolding realities. In view of the continued uncertainty, one thing that remained constant at Vardhman was our constant focus on our future growth strategy and investment in our niches. This I believe would help the Company emerge a stronger player, well-placed to capitalise with speed on a sectoral rebound. Although challenging, FY18 also saw good progress in a lot of other areas, which positioned Vardhman well for the future.

We focused on improving ourselves during the year in terms of selectively investing in capex exercises, customer centricity, enhancing quality and innovation quotient, thereby strengthening our overall competitiveness. We invested around ₹ 300 crore in FY18 towards modernisation of our assets and enhancement of our capacity. We implemented capacity expansion in our processing unit in Baddi with installation of additional processing unit of 30 mmpa along with capacity enhancement in the printed fabric line. This is expected to widen the product offerings of the Company in the yarn dyed segment and also help service our clients better. We also initiated the setting up of additional loom shed in Baddi for installing 224 wider-width looms. This will again help us in balancing our additional processing fabric requirements.

We continued to modernise facilities with the objective to enhance operating efficiencies, moderate costs and achieve qualitative consistency. With the confidence that there would be an increased need for technologies in the days ahead, during FY18 we formulated a plan for upgradation of the old technology wherever it is impacting the quality of production, and based on this plan we continue to execute our modernisation strategy.

In the present challenging environment, where a number of challenges were beyond our control, at Vardhman we focused on taking adequate measures over factors that were within our reach and control. We focused on sweating assets with the objective to cover fixed costs more efficiently. We looked into every cost incurred and practice undertaken with the objective to eliminate wasteful expenditure. We continued to invest in research to enhance our innovation quotient.

Road ahead

Yes, FY18 was a year with challenges across many of our markets which had a negative impact on our financial performance. But here I would like to communicate that in our existence of more than five decades, we have faced years like this before and we have come back strong time and again. We have come this far by building on the experiences of these difficult years and utilising these experiences we would continue to build our future. We expect that the complement of the initiatives taken during the year will enable the Company to enhance its revenue momentum, margins and create attractive value in the hands of all our stakeholders. A year like this reinforces our belief in the strength of our proposition and enhances our ability to adapt our business for the future. On behalf of the Board and the entire leadership team, I thank all our stakeholders, business partners and customers for their continued support and guidance.

Warm Regards,
Shri Paul Oswal
A fellow shareholder

MESSAGE FROM THE MANAGEMENT

Dear Shareholders,

We are pleased to inform you that during the year, we witnessed a stable performance despite various headwinds from the external environment that were affecting our business. During the year, the prices of cotton remained volatile. We entered into use of new cotton during Q4 of FY18 which helped us to improve our margins for the last quarter.

The continuous evolution of GST policies and tax rates did leave an impact on the operations of several industries, including the textile industry. At Vardhman, we led the proactive GST reform, adapting to new taxation system, ensuring minimum impact on the overall business operations.

During the year, our revenues stood at ₹ 5,851 crore, declining marginally against that of previous year, owing to a drop in sales of yarn business. This was on account of some teething issues in GST refunds against exports, resulting in major textile players resorting to domestic market,

In yarn business we aim to add around 1,00,000 spindles of capacity and in fabric business we aim to increase our processing capacity from current level of 140 million meters per annum to approximately 180 million meters per annum.

At Vardhman, we led the proactive GST reform, adapting to new taxation system, ensuring minimum impact on the overall business operations.

1044

EBIDTA for FY 2017-18
(₹ in crore)

0.49

Gearing ratio as on March 31, 2018, despite increase in long-term borrowings by 29%

creating an over-supply situation. We recorded a healthy EBITDA of ₹ 1044 crore along with a EBITDA margin of 17% and our PAT stood at ₹ 546 crore. We registered a healthy gearing ratio of 0.49 times despite an increase of 29% in long term borrowings.

During the year, we produced 204.09 million kgs yarn, 175.20 million meters greige fabric and 122.60 million meter processed fabric. We sold 206.52 million kgs yarn (including internal transfers), 172.40 million meters greige fabric (including internal transfers) and 120.60 million meters processed fabric. We invested ₹ 105 crore as capital expenditure towards yarn division and around ₹ 195 crore towards fabric division.

Moving ahead we plan to invest around ₹ 1,400 crore towards expanding our capacity as well as modernizing our equipments by FY20. In yarn business, we aim to add around 1,00,000 spindles of capacity and in fabric business, we aim to increase our processing capacity from current level of 140 million meters per annum to approximately 180 million meters per annum. We believe that Indian Textile Industry will witness a huge growth in consumption with growth in GDP and increase in per capita income.

We look forward to a better year ahead and are optimistic about the industry's growth in the future. We would like to thank our team for its hard work and support. We are also grateful to our shareholders who have put their trust and faith on us. We aim to continuously create value for all our stakeholders while registering satisfactory performance.

Warm regards,

Suchita Jain and
Neeraj Jain
Joint Managing Directors

THE YEAR IN NUMBERS

Market Capitalisation

7013

As on 31st march 2018 (₹ crore)

EBIDTA

1044

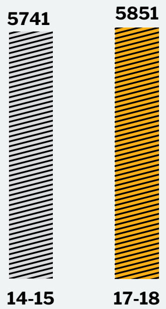
In 2017-18 (₹ crore)

Dividend Payout Ratio

19%

In 2017-18

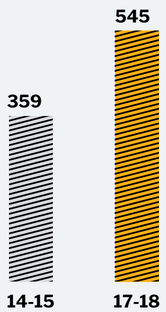
Net Sales
₹ crore



Fixed Tangible Assets
₹ crore

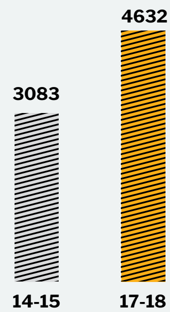
1.66%
3-year CAGR

Profit After Tax
₹ crore



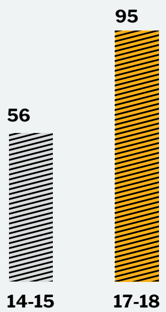
14.93%
3-year CAGR

Net Worth
₹ crore



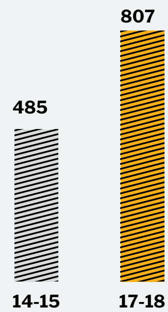
14.53%
3-year CAGR

Earnings Per Share
₹



19.26%
3-year CAGR

Book Value Per Share
₹



18.50%
3-year CAGR

How we have delivered value

THE BUSINESS

40
Consecutive years of profits generation

62.15%
Promoters stake as on March 31, 2018

A GLOBAL PLAYER

62%
Proportion of the overall revenue earned from the domestic market

38%
Proportion of the overall revenue earned from the international market

42%
Growth in domestic revenues in the last five years

38%
Growth in international revenues in the last five years

BENEFITS OF VALUE ADDITION

3.44%
Increase in average realization per Kg of yarn over the last five years in the yarn business

14.88%
Increase in average realization per Mtr for fabrics over the last five years in the Fabric business

OUR INTEGRATED BUSINESS STRATEGY

Engaging with the clients

By partnering closely with our clients, we gain an understanding of their needs and challenges.

Innovative solutions

Vardhman provides unique textile solutions to its clients by introducing the latest processes and products across the value chain.

Supplier support

Owing to its already established presence in the industry for more than five decades, Vardhman has been successful in earning its suppliers' trust. Thus, a trusted supplier support has enabled the Company to strike the right balance between quality and efficiency.

Effective production

An effective manufacturing setup spread across 25 state-of-the art facilities enables Vardhman to produce high-quality yarns, fibres, fabrics and garments at competitive cost.

Ensuring quality

The ability to anticipate and understand customers' present and future needs allows Vardhman to deliver high-quality textile products.

At Vardhman, quality is more than just product quality

- It also covers processes and services related to how we do business with our customers
- Unremitting surveillance and improvement measures are integrated components of Vardhmans' quality system and the cornerstone of how we advance the services we offer

Regular technological upgradation

The Company with the help of its dedicated technical team does regular upgradation of its machinery and processes enabling it to maintain cost efficiency and quality.

Delighting customers

Vardhman produces a wide range of innovative textile products for its esteemed clients enabling them to unlock business opportunities across industries.

We produce fibres, fabrics, threads and garments that help our customers produce innovative and quality end-products, earn revenue from the same and deliver sustainable performance for their stakeholders.

PRODUCT WISE REVIEW

YARN

Vardhman manufactures quality cotton, synthetic and blended yarns marketed to prominent labels within India and abroad. The Company is a one-stop shop for all kinds of spun yarn offering variety of contemporary blends and shades.

Yarn constitutes the largest business at Vardhman Textiles Limited with over 1.1 million spindles and a capacity to manufacture over 580 MT of yarn per day.

	2016-17	2017-18
Installed capacity (spindles) (in lac)	11.01	11.02

Rich product basket

Regular qualities
Cotton Yarn, Compact Yarn, Blended Yarn , Acrylic yarn etc.

Premium qualities
Cotton Lycra, Cotton Lyocell, Cotton Viscose, Cotton Bamboo, Cotton Tencel, Cotton Silk, Cotton Modal, Organic Cotton, Contamination-Free Yarn, Fair Trade Yarn, Gas Mercerised, Fancy Yarn, Slub Yarn, Hand-Knitted Yarn, High-Twist, Low-twist, Ciro, Nylon Cotton, Triple Blends etc.

Core competencies

- Produces almost every grade across different specialised greige and dyed yarns in cotton, polyester, acrylic and a variety of blends along with the value-added ones
- Manufacture of organic cotton, melange, core spun yarns, ultra yarns (contamination controlled), gassed mercerised, super fine yarns, slub and cellulose yarns and fancy yarns for hand knitting
- One of the few manufacturers of different varieties of dyed yarns
- Ability to provide virtually any shade of yarn
- One of the largest exporters of cotton yarn to the most quality conscious markets like the EU, USA and the Far East
- One of the very few players in the industry who is known for its quality, excellence, continuous customer-driven innovation, original strategies and a series of technology collaborations

Highlights 2017-18

- Grew yarn sales volumes from 203.10 million kg in 2016-17 to 206.52 million kgs in 2017-18 (including internal transfers).
- Enhanced yarn exports by 1.31%. Yarns export volumes stood at 75 million kg with a value of ₹ 1,592.65 crore (FOB Value).
- Domestic volumes increased 3% from 73.75 million kg in 2016-17 to 75.87 million kgs in 2017-18.
- Exported yarn to new markets like Fiji and Costa Rica, among others, taking the total number of export locations to 65.
- Upgraded the blowroom lines with the latest technology driven systems to provide contamination free yarn

Road ahead

Going ahead, the Company plans to further enhance its international presence with a greater focus on the emerging nations. We would continue to focus on enhancing the quality and innovate new product lines keeping in mind the changing taste and preferences of the clients.

PRODUCT WISE REVIEW

FABRICS

Vardhman is one of the very few vertically integrated fabric manufacturers in India producing fabrics for both tops and bottoms in the apparel segment serving large retailers across USA, Europe, Asia and other emerging nations. The Company has pioneered the development of a wide variety of fabrics, thus emerging as preferred supplier.

Fabric division has a weaving capacity above 180 million meters per annum and processing capacity of over 140 million meters per annum across a wide specialty fabrics' range. Vardhman, today, is one of the leading producers of fabrics in India.

	2016-17	2017-18
Processed Capacity (MMPA)	120	140

Core competencies

- One of the few players in the industry to have an in-house design team, a development studio and association with top Italian reputed designers, enabling the company to offer a wide variety and quality of products to the customers.
- Have in place a dedicated fabric team looking after the development of innovative product lines in sync with the changing tastes and preferences of the customers.
- Have in place a very strong process control mechanism, enabling the Company to deliver high-quality output on a regular basis
- Have in place state-of-the-art processes and systems, sourced from one of the best technology providers in Japan and Europe

Rich product basket

Regular qualities
Range of Products for top to bottoms for men and women including piece dyed, yarn dyed and prints

Premium qualities
Bi-stretch, High-Stretch, Tencel and other sustainable materials

Highlights 2017-18

- Grew fabric volumes marginally during the year
- The printed fabric operations were established well during the year. The company is making customised designs for European and American customers.
- Continuous upgradation of technology to enable adaptation to new demands in line with the latest changes in fashion.

Road ahead

Moving forward, the Company would like to further widen its product offerings keeping in mind the changing preferences of the end-users with the growing importance of millennials in the decision making.

STEP TOWARDS SUSTAINABLE MANUFACTURING

Reverse Osmosis

We have implemented Reverse Osmosis at Vardhman Fabrics, Budhni to reuse waste water and thus reduce our water consumption.

30 Lacs KL

Reduction in water consumed during the year

Responsible way of Effluent Treatment

Vardhman Group has two effluent treatment plants and eight sewage treatment plants across the country. We also have Zero Liquid Discharge (ZLD) System Installation at our largest integrated facility at Budhni. We have registered ourselves with Zero Discharge of Hazardous Chemicals (ZDHC) and uploaded our reports on its official website. We have also made Vardhman MRSL that takes into consideration the strict parameters of all our customers and ZDHC norms.

Energy Consumption

Reduced Energy Consumption by 76.69 Lac KWH units during the year. We have also installed two biogas plants in Auro Textiles, Baddi and Vardhman Fabrics, Budhni. The manure generated from Biogas is used for horticultural purposes within the factories.

160 kg/day

Capacity of Biogas Plant

CORPORATE SOCIAL RESPONSIBILITY

At Vardhman, we envision to be a responsible corporate entity and continue to make efforts towards quality value addition and constructive contribution in building a healthy society through our CSR initiatives. At the onset of our journey, we recognized our role as a responsible corporate entity and we have continuously aimed to have a positive impact on the society.

OUR FOCUS AREAS INCLUDE

- Education
- Digital Literacy Program
- Water, Sanitation & Hygiene: (WASH)
- HealthCare
- Environment

Education

"The Future of the world is in the Classrooms of today."

- Mr. S. P. Oswal, Chairman, Vardhman Group

Education is one of the few things that can completely rewrite the social landscape. In our rapidly developing economy, education has emerged as a powerful tool that can utilize the immense potential of billions to fuel the growth of the nation. Education creates a plethora of opportunities that provide employment, improve the socio-economic situation and ensure a secure future. At Vardhman, we remain steadfast on our goal of making education accessible to the children who often do not get that privilege.

FY 2017-18, we have constructed "Vardhman Block" of 14 Classrooms and two separate toilets at Government Primary School Giaspura, Ludhiana by spending ₹ 1.82 crore to substantially uplift the infrastructure which has benefitted over 1400 students, majority of whom are children of migrant labour employed in nearby factories.

The school was inaugurated by the Hon'ble Finance Minister, Govt. of Punjab, Shri Sardar Manpreet Singh Badal on 29th January 2018 and he was highly appreciative of the work done by the Vardhman Group. As per the feedback and report received by us, the improved infrastructure has also increased the enrollment of this school.

Apart from this, during the year, we have also constructed School buildings, boundary walls, toilets for Girls and Boys and drinking water points in other govt. schools of Ludhiana & Malerkotla in Punjab, Baddi in Himachal Pradesh and Mandideep and Budhni regions of Madhya Pradesh.

03
States (Punjab, MP & HP)

38
Schools

41
Anganwadies

More than
8600
Students benefited

Digital Literacy Program

In India National Digital Literacy Mission ('NDLM') has been initiated with the vision to empower at least one person per household with crucial digital literacy skills by 2020. This is expected to touch the lives of more than 250 million individuals over the next few years. The National Digital Literacy Mission is a dynamic and integrated platform of digital literacy awareness, education and capacity programmes that will help rural communities fully participate in the global digital economy. Our focus is on making technology central to enabling change.

Vardhman group actively supports the mission of digital literacy. During the year under review, we took various initiatives towards computer education and digital literacy. We explored opportunities to improve digital literacy among underprivileged children in the societies around our factories by increasing the access to computers and digital learning tools. Under this mission we have set up advanced Computer Labs along with latest Personal computers and educational software both in educational institutions and in Govt. Schools. Under the program we were able to set up 08 Computers labs, provided 75 Computers along other necessary accessories and softwares.

08
Computer Labs

75
Computer Systems

Water, Sanitation & Hygiene (WASH)

Safe water

Sanitation

Hygiene

Sanitation and hygiene are critical to health, survival, and development. Basic sanitation is described as having access to facilities for the safe disposal of human waste, as well as having the ability to maintain hygienic conditions around our surroundings.

Children have a right to basic facilities such as school toilets, safe drinking water, clean surroundings and basic information on hygiene. Water, sanitation and hygiene in schools creates an enabling environment which secures children's dignity, safety, health and attendance in classes. Children are more receptive and quick to adopt and sustain change. They become agents of change among their peers, families and communities. Teachers as influential individuals, supported by the school management committees, play an important catalytic role.

We have committed ourselves to provide safe drinking water, clean and hygienic toilets & sanitation facilities in schools for students and also at public places in the vicinity of our plant area. We have constructed 17 toilets in Govt. Schools and 03 Pubic toilets in Madhya Pradesh, HP and Punjab. We have ensured availability of safe drinking water in schools and villages by taking initiatives such as installation of water filter with cooler, bore well and hand pumps in the villages.

03
Bore wells

05
Hand Pumps

03
Public Toilets for General Public

16
Water Cooler with RO installed in Govt. Schools

17
Toilets for Girls & Boys in Schools

HealthCare

Health plays a crucial role in transforming people's lives. Healthy people can utilize opportunities available to them. A well-configured and highly resourced health-care system is required to provide basic health services to the people. Today, the foremost challenge confronting India is improving its health indicators.

At Vardhman, we have committed ourselves to raising the standards of and strengthening health-care systems in the vicinity of our plants. Our need-based projects are designed to ensure accessible, affordable and effective health services for all needy and underprivileged sections of the society.

In FY 2017-18, we have organized Health Checkup Camps for people living in nearby villages of our manufacturing units in Himachal Pradesh, Madhya Pradesh and Punjab Regions. Total 25 medical Health Camps were organized in 31 Villages, through which more than 4000 villagers were examined and received necessary medications

Government Health Institutions like Primary Health Centres, Community Health Centre and Regional hospitals are the focal points for marginal, needy and general public to access health services. But still in India there is a huge gap between private and government health institutions.

Government health institutions lack due to slow system process, services and non-availability of modern health equipments and machineries. For strengthening Government Health Institutions, we have provided modern technology lifesaving medical equipments in 4 Govt. Hospitals in MP, 02 Community Health Centres in Baddi, HP, and 07 Hospitals in Punjab & 01 Hospital in Haryana. Total 14 Health Institutions get impacted and Medical equipments worth approx. ₹ 3 crore were distributed in these hospitals.

25 Health Camps

31 Villages Covered

4000 Villagers Examined

04 States

14 Health Institutions

~03 Cr. Worth of medical equipments & other facilities

Environment

We have always been committed towards environmental sustainability by working in areas such as ecological balance, protection of flora and fauna, conservation of natural resources, maintaining quality of air, water and soil. In 2017-18, we conducted various CSR activities under this including development of bio-diversity parks, restoration of damaged green area, green area development, installation of solar street lights etc. The water scarcity is a common occurrence in MP since last many years.

We always strive to enhance green cover in and around our factories premises as many projects are undertaken through CSR initiatives. For example during 2018-19, we have planted more than 50,000 saplings in MP and HP region.

In **03** Villages **30** Solar lights installed

04 KM area Green belt developed

~50,000

saplings planted in 30 Acres of Land

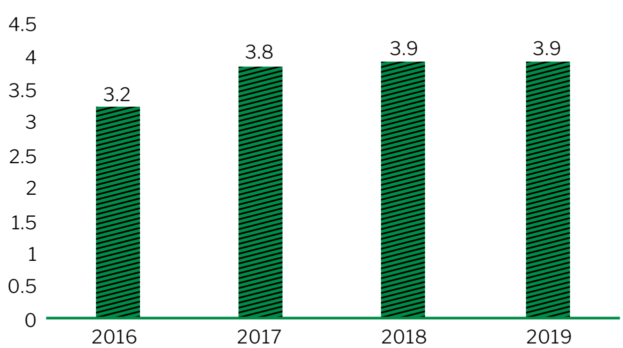
MANAGEMENT DISCUSSION AND ANALYSIS

Global Economic Overview

The global economy, which was growing slowly since 2011, experienced the fastest growth rate of 3.8% in 2017. It even surged up till 4% in the second half of the year owing to recovery of investments in the advanced economies, rapid growth in Asia and cyclical growth in emerging Europe. The condition of commodity exporters also improved during the year. There was a consistency in rise of global trade and investment in 2017. The global trade experienced a rise in the emerging markets and the developing economies, it grew from a rate of 2.2% in 2016 to 6.4% in 2017.

It is expected that the growth would reach to 3.9% and remain consistent in 2018 and 2019. The prospective growth could be attributed to advanced economies such as Japan and United States. Moreover, it is anticipated that the commodity exporters would continue to recover in 2018 propelling the growth. The emerging economies are expected to register an overall mixed growth due to instability in Libya, Venezuela and Turkey. However, the momentum in global economic growth would prospectively last for short-term followed by an expected downfall in the middle term. The fall could be attributed to tightening financial conditions and normalisation of monetary policies in advanced economies, which also suffers from the threat of falling productivity due to ageing population in the advanced economies.

Real GDP Growth (in %)

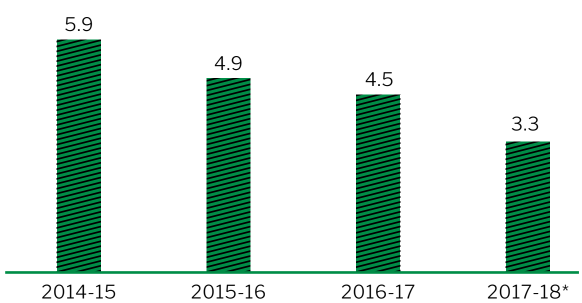


Indian Economic Overview

With the current GDP of $2.6 trillion, India is one of the fastest growing economies of the world. The year experienced a cyclical growth of 5.7% in the first quarter, followed by a rebound to 6.3% in the second quarter. During the third and fourth quarter, the economy grew at a rate of 7.2% and 7.7% respectively, summing up to an average growth of 6.7% for the year. The year brought about several reforms from the government's end affecting both individuals in general and industries in particular. Some of the noteworthy reforms include 'Goods and Service Tax' substituting a number of indirect tax such as Sales Tax, VAT, Excise Duty and many more and liberalisation of FDI.

In FY19, it is expected that the economy would grow at a robust rate of 7.4% due to expected rise in industrial production and exports. The economy would also have to confront new challenges, which includes managing the inflationary pressures and increasing burden of debt coupled with high fiscal deficit. Effective implementation of policies to boost consumer demand and private investment could curb these risks and help in maintaining the growth.

CPI Inflation (jn %)

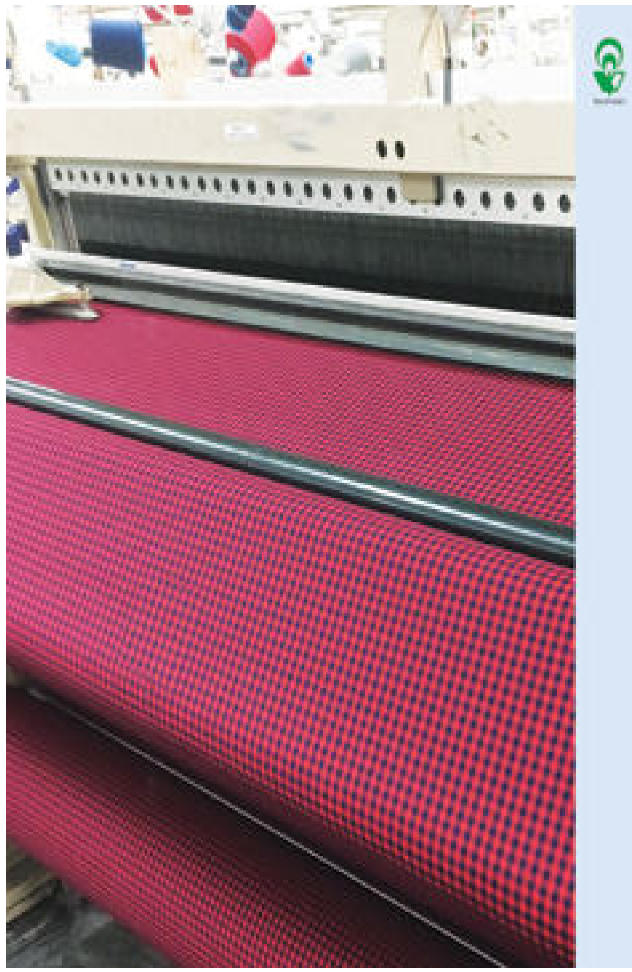


(Source: Economic Survey of India)

Global Textile Industry

The global textile industry is estimated to be valued at US $800 billion and is experiencing a growth of 10% since 2012. Out of the total industry, 40% is captured by textile segments while the rest is captured by clothing and apparel segment.

Over the last decade, the global textile industry registered a slow growth owing to impact of turbulence in prices of raw material especially cotton. Dynamism in global political environment, events like US Presidential Elections, Brexit and delay in other government policies such as Free Trade also played a role in growth slowdown.



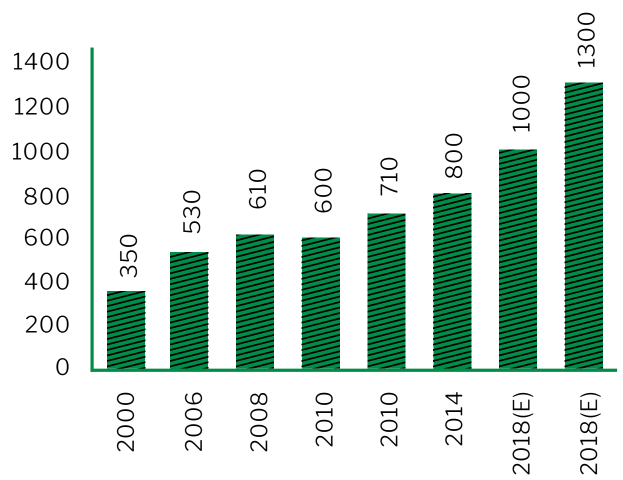
Strengths

- There is strong potential for growth due to increase in demand likely to be driven by rise in proportion of spend on clothing in EMDEs
- Recuperation in global demand for luxury goods segment.

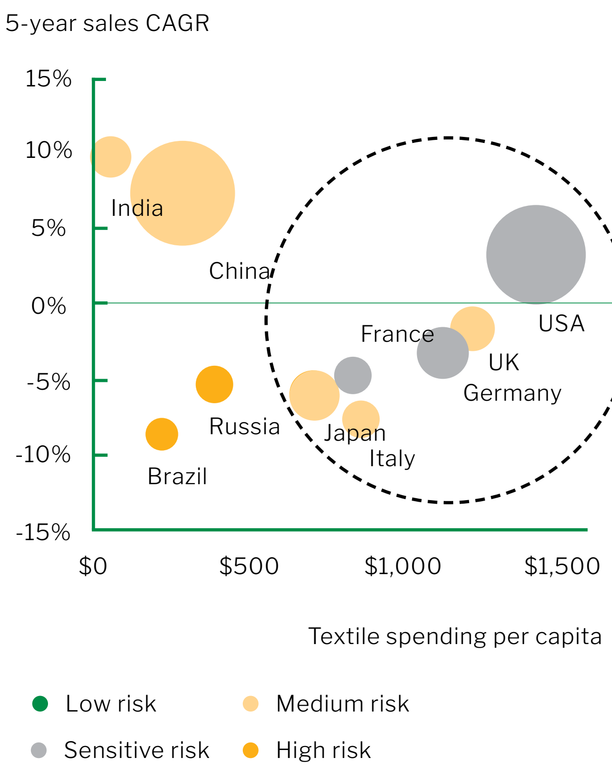
Weakness

- Shrinking fashion cycles is driving the risk of sustainability in the industry.
- Oversaturation of the retail space in the context of digitalization.

Global Textile & Apparel Trade (US$ bn)



Top 10 textile markets
(size of the bubble = textile sales)



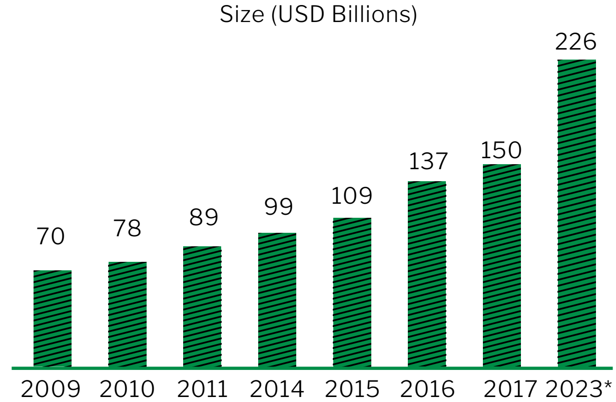
Indian Textile Industry

The domestic textile industry in India stood at US$ 150 billion in 2017. Textile exports from India is expected to increase to US$ 82 billion by 2021 from US$ 36.66 billion in FY17. India is one of the key players of the global textile industry with a broad base of raw materials and manufacturing strength across the production chain. The uniqueness of the industry lies in its strength both in the hand-woven sector as well as the capital intensive mill sector. The Indian mill sector is second largest in the world with about 3400 textile mills having an installed capacity of more than 50 million spindles and 842000 rotors. The traditional sector stands as a biggest source of employment for millions of people across the country.

The industry aligns with the agriculture, culture and traditions of the country providing a diversified portfolio of products suitable for the domestic and export markets. Overall, the industry contributes about 7% of industry output in value terms, 2% of India's GDP. It also accounts for 15% of the country's export earnings and generates employment to about 45 million people directly.

With the objective of developing in an inclusive and participative manner, the Government has planned to boost textile manufacturing by constructing state-of-the-art manufacturing infrastructure and technology thriving innovation and enhancing skills and strengthening traditional sector.

Textile and apparel industry in India



(Source: Ministry of Textiles)

* Estimated

Government policies

Technology Upgradation Fund Scheme (TUFS): Investment was made to promote modernisation and up-gradation of the textile industry by providing credit at reduced rates. ₹ 2,013 crore (US$ 312.29 million) has been allocated for the TUFS scheme for FY 2017-18, under the Union Budget 2017-18. A subsidy of ₹1,400 crore (US$ 216.25 million) was released under this scheme in 2017.

National Textile Policy – 2000: Key areas of focus include technological upgrades, enhancement of productivity, product diversification and financing arrangements. New draft for this policy ensures to employ 35 million by attracting foreign investments. It also focuses on establishing a modern apparel garment manufacturing centre in every North Eastern state for which Government has invested an amount of US$ 3.27 million.

SAATHI Scheme: The Union Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd (EESL), has launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the powerloom sector of India.

Scheme for Capacity Building in Textiles Sector (SCBTS): The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of ₹1,300 crore (US$ 202.9 million) from 2017-18 to 2019-20.

The scheme is aimed at providing a demand driven and placement oriented skilling programme to create jobs in the organised textile sector and to promote skilling and skill up-gradation in the traditional sectors.

Opportunities

Growth potential: The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. The sector is expected to reach US$ 226 billion by FY2023. Population is expected to reach to 1.34 billion by FY2019. Urbanisation is expected to support higher growth due to increase in demand for cotton and textile products.

Union Budget 2018-19

- Under Union Budget 2018-19, Government of India allocated around ₹ 7,148 crore (US$ 1.1 billion) for the textile Industry.
- ₹ 2,300 crore (US$ 355.27 million) have been allocated for the Technology Up-gradation Fund Scheme (TUFS).
- The government has allocated ₹ 112.15 crore (US$ 17.32 million) towards schemes for powerloom units.
- The government has allocated ₹ 30 crore (US$ 4.63 million for the Scheme for Integrated Textile Parks, under which there are 47 ongoing projects.
- The handloom clusters under the National Handloom Development Programme will get ₹ 396 crore (US$ 91.17 million) and the Integrated Processing Development Scheme will get ₹ 3.8 crore (US$ 0.59 million).

Growth drivers

- Increase in disposable income: The per capita net national income during 2017-18 is estimated to be ₹ 1,11,782 showing a rise of 8.3 per cent as compared to ₹ 1,03,219 during 2016-17. The increase in income would improve the general standard of living, which in turn would further propel demand for textile goods. (Source: ET)
- Growing urban population: According to World Bank, urban population accounts for 32.7 per cent of the total population of India. This also works as demand driver due to changing taste and preferences in the urban part of India.
- Expanding middle class: Domestic consumption is a vital driver of India's growth engine, primarily owing to the country's large population and an expanding middle class—key driver of apparel demand. A rising middle class with higher disposable incomes, aided by favourable

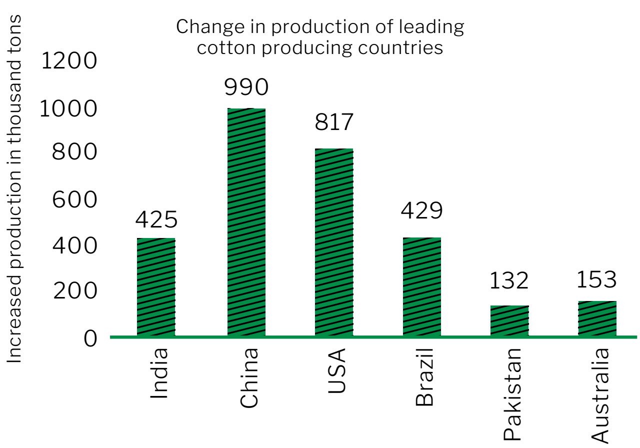
demographics, burnish the textile industry's prospects significantly. As per NCAER, India's middle class will more than double from 2015-16 levels to 113.8mn households or 547mn individuals by 2026, entailing humungous growth opportunities for the textile sector.

- Exports gaining momentum: The strong performance of textile exports is reflected in the value of exports from the sector over the years. Textile exports witnessed a growth (CAGR) of 6.89 per cent over the period of FY06 to FY17. In the coming decades, Africa and Latin America could very well turn out to be key markets for Indian textiles. This is going to boost the production of the textile sector in the coming years.

Global Cotton Scenario

In 2017-18, the global cotton production witnessed higher production over the cotton consumption after a gap of two consecutive preceding years when the cotton consumption was higher than production. During the year, the cotton production is estimated to be about 26.63 million tons against the 23.07 million tons, increasing by more than 15% from the previous year, owing to higher area under cotton cultivation by leading cotton producing countries like India, China, USA, Brazil and Pakistan which resulted in to increased cotton production. The area under cotton cultivation has surged by about 16% from 29.87 million hectares to 34.64 million hectares. However, production of Australia improved exclusively on account of increased yield of about 31% from the last year (1600 kgs/ hectare in 2016-17 to 2088 kgs per hectare in 2017-18). Overall, average yield of the global cotton has remained more or less same as compared to the last year.

Country wise increase in production of leading cotton producing countries in the year 2017-18 over the year 2016-17 is as under:



(Source: ICAC (International Cotton Advisory Board))

The global cotton consumption in the year 2017-18 increased by 6.7% to 26.15 million tons against the 24.52 million tons in the year 2016-17. In 2017-18, consumption surged in the leading cotton consuming economies like China, India, Pakistan, Bangladesh and Vietnam. The increase in the cotton consumption could be attributed to increase in demand of cotton.

World cotton closing stocks in the year 2017-18 is estimated to be rise by about 0.5 million. Such increase in the closing stock is estimated to be happened in the rest of the world except China, whose closing stocks is estimated to shrink to 9.10 million tons from 10.63 million tons.

Outlook

For the year 2018-19, Global area under cotton is likely to decline by 2.3% to 33.85 million hectares and production is likely to decline by 2.6% to 25.94 million tons against the 26.63 million tons in 2017-18. Major reduction in production is projected for the USA because of the drought like conditions prevailing in Texas which is the largest producing region of the USA and in China because of reduction in area under cotton cultivation by 5%.

World cotton consumption is projected to increase by about 1.3 million tons to 27.42 million tons against the 2017-18 estimates of 26.15 million tons mainly because of growing demand across Asian and South Asian economies. This will result in to reduction of world closing stocks by 1.5 million tons from 19.28 million tons in 2017-18 to 17.80 million 2018-19.

Indian Cotton Industry

Cotton is one of the primary crops of the country and a major raw material for Indian textile industry. Starting from its cultivation to its trading, the industry provides employment to about 35 millions of people directly and almost a similar number in other allied agriculture industry & trade. In the textile industry in India, the ratio of use of cotton to man-made fibre and filament yarn is 60:40. Presently, it cultivates in three regional zones I.e. Northern Zones which consists of States of Punjab, Haryana and Rajasthan; Central Zone which consist of States of Madhya Pradesh, Gujarat, Maharashtra and Orissa; Southern Zone comprising of States of Telangana, Andhra Pradesh, Karnataka and Tamil Nadu. Parts of Uttar Pradesh, West Bengal, and Tripura are also used for the cultivation. Around 62% of India's Cotton is produced on rain-fed areas and the rest 38% on irrigated lands.

In FY 2017-18, the area under cotton cultivation has surged by 15% at about 124.44 lakh hectares against the 108.26 lakh hectares as compared to a year ago, owing to an increase in

area under cultivation in Indian cotton producing states The increase in area under cotton cultivation occurred due to better profitability to the farmers in last year in the cotton crop against the alternative crop. Consequently, cotton production increased from 345 lakh bales to about 370 lakh bales in the year 2017-18. However because of the pest attacks in certain areas of Maharashtra, Telangana and Andhra Pradesh, all yield of the cotton remained lower by 6.8% at about 505 kgs/ hectare against the 542 kgs/ hectares in the year 2016-17.

During FY18, Indian cotton industry had an opening stock of around 43.8 lakh bales. With a better production of 370 lakh bales over the last year and estimated imports of about 15 lakh bales country will be having total supply of 428.8 lakh bales.

With an overall consumption of around 315.5 lakh bales and an estimated exports of 70 lakh bales, the country is expected to be left with a closing stock of about 43.3 lakh bales similar to the previous year.

Indian cotton demand & Supply:

SUPPLY	2016-17	2017-18
Opening Stock	36.4	43.8
Crop	345.0	370.0
Import	30.9	15.0
TOTAL SUPPLY	412.4	428.8
DEMAND	.	
Mill Consumption	262.7	268.0
S.S.I Consumption	26.2	27.0
Non Textile Consumption	21.5	20.5
Export	58.2	70.0
TOTAL DEMAND	368.6	385.5
Closing Stock.	43.8	43.3

* - As estimated by CAB (Cotton Advisory Board) in its last meeting held on 16.06.2018

Outlook

In FY 2017-18, Indian farmers found cotton more profitable as compared to its alternative crops. The Indian Meteorological Department has predicted normal monsoon in the year 2018-19, an indication for the farmers to sow more cotton crop. Monsoon had already arrived in the many cotton growing regions of the country. Moreover the latest government announcement of the surging the Minimum support prices for the cotton by ₹ 1,130 per quintal would encourage the farmers to sow more cotton crop. In FY19, the area under cotton cultivation has been forecasted to reach around 120 lakh hectares.

During the year, Indian farmers were better aware of the pest management due to past experiences. The awareness of Indian farmer against the pest attack coupled with the prediction of normal monsoon by the Indian government, the yield of Indian cotton is likely to improve resulting in increased production beyond 380 bales in FY19.

Financial Overview

Gross revenues

Gross revenues increased by 2.8% to ₹ 5,851 crore in 2017-18, compared with ₹ 5,690 crore reported in 2016-17.

Operating profit

Operating profit (EBITDA) decreased to ₹ 1,043.62 crore during 2017-18 from ₹ 1,759.43 crore in 2016-17, largely because of extraordinary income in 2017 on account of stake sale in VYTL (gain ₹ 313.01 crore), gain on transfer of Hoshiarpur assets to VTYL ₹ 52.80 crore and gain on tendering shares of VAL under the share buyback offer amounting ₹ 36.38 crore and also due to decline in operating margins as a result of increase in cotton prices.

Net profit

Net Profit for the year under review stood at ₹ 545.76 crore, a 45.50% decrease from the previous financial year for the reasons explained here in before.

Net worth

The Company's net worth stood at ₹ 4,631.96 crore as on 31st March, 2018, increasing by 16.21%, compared with ₹ 3,985.83 crore as on 31st March, 2017. The net worth comprised of paid-up equity share capital amounting to ₹ 57.43 crore as on March 31, 2018 (5,74,33,460 equity shares of ₹ 10 each fully paid up) and Company's reserves and surplus of ₹ 4,574.53 crore.

Total assets

The Company's total assets increased to ₹ 2,608.12 crore in 2017-18 from ₹ 2,499.95 crore in 2016-17, representing an increase of 4.32%.

Outlook

The Company is planning to increase its production capacity by 2020. In FY 2017-18 it spent about ₹ 300 crore as capex out of which ₹ 105 crore was towards Yarn while the rest was for Fabric. The company is intending to invest about ₹ 1,400 crore between FY2018-19 & 2019-20 as capex, to be segregated equally between Yarn and Fabric. The investment would be strategically used to add approximately 1,00,000 spindles. The company is also expanding its total fabric capacity from 140 million metres per year at present to 180 million metres by FY19-20. Although the additional production lines are estimated to be ready by February / March 2019, it would take time to utilise them optimally and the full year impact of the same would be seen only in the next financial year i.e. FY19-20.

BUSINESS RESPONSIBILITY REPORT

About Vardhman

Vardhman Textiles Limited (VTXL) is the flagship company of Vardhman Group with diverse operations across sectors. Vardhman's humble beginning dates back to 1962 when it started its manufacturing location at Ludhiana in the State of Punjab with 6000 spindles and is today one of the largest textile companies of India manufacturing Cotton Yarns & Fabrics with a capacity of over 1.10 million spindles, constituting about 2% of the country's yarn production, 1276 looms for weaving of fabrics and 140 Million Meter per annum of fabrics processing capacity.

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

About This Report

The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 500 listed entities based on market capitalization at the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of the those 9 Principles. Following is the first Business Responsibility Report of our Company based on the format suggested by SEBI. Detailed Business Responsibility Report for 2017-18 (available at: www.vardhman.com/) is also based on the 9 Principles enshrined in the NVGs.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	:	L17111PB1973PLC003345
2. Name of the Company	:	Vardhman Textiles Limited
3. Registered address	:	Vardhman Premises, Chandigarh Road, Ludhiana- 141010.
4. Website	:	www.vardhman.com
5. E-mail id	:	secretarial.lud@vardhman.com
6. Financial Year reported: 2017-18		
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Textiles, NIC Code 131
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	:	Yarn and Fabric
9. Total number of locations where business activity is undertaken by the Company		
(a) Number of International Locations (Provide details of major 5)	:	0
(b) Number of National Locations	:	17
10. Markets served by the Company – Local/State/National/ International	:	National / International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) : ₹57.43 crore
2. Total Turnover (INR) : ₹5851.37 crore
3. Total PAT (INR) : ₹545.76 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 2.73%
5. List of activities in which expenditure in 4 above has been incurred: Refer to Summary of CSR initiatives on page 62-64

SECTION C: OTHER DETAILS

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

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

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

SECTION D: BR INFORMATION

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

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

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

(b) Details of the BR head

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

PRINCIPLE 1

Corporate Governance for Ethics, Transparency and Accountability

PRINCIPLE 2

Sustainability of Products & Services across Life-cycle

PRINCIPLE 3

Employee Well-being

PRINCIPLE 4

Stakeholder Engagement

PRINCIPLE 5

Human Rights

PRINCIPLE 6

Protection and Restoration of the Environment

PRINCIPLE 7

Responsible Advocacy

PRINCIPLE 8

Supporting Inclusive Growth and Equitable Development

PRINCIPLE 9

Providing Value to Customers and Consumers

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

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

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

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

3. Governance related to BR

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

Annually

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

Yes, the hyperlink for viewing the same is https://www.vardhman.com/user_files/investor/BRR.pdf. It is published annually in the Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

Corporate Governance for Ethics, Transparency and Accountability

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

The composition of the Board of Directors of the company is governed by the Company's Act 2013 and SEBI Regulations 2015. As on March 31, 2018, the Company has 11 directors on its board (including the Chairman), of which 6 are independent, 3 are non-independent, and 1 is non-executive non-independent director.

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

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

The policy code of conduct is available at the company website at the link https://www.vardhman.com/investor-desk#!company_information with the name **Policies- Code of Conduct.**

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

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

PRINCIPLE 2

Sustainability of Products & Services across Life-cycle

Sustainability

The Vardhman group's brand and position in the society, brings with it, both responsibilities and opportunities to make the world a better place. Our global presence gives us an encumbrance to create sustainable business models that are environment friendly and in compliance with the national laws & international standards. The Group has evolved in the field of sustainability with its diversified initiatives in several directions.

Under the "Vardhman Sustainability Drive", the Group in addition to many on-going initiatives, has substantially augmented efforts in the field of Environment, Healthcare and Safety.

Rural Development

Under the Better Cotton Initiative, Vardhman Textiles collaborated with Punjab Agricultural University to study the techniques and conditions of farming which gave birth to the Village Adoption Program that started with one village and slowly increased to 95 Villages. Under this program Farmers could achieve 60 % higher yield than national average.

Responsible sourcing of Raw Material from Villages:

Cotton being a natural fibre which needs to be produced sustainably year after year without affecting the nature and fertility of land.

There are programs like Better Cotton Initiative, Organic Cotton, Fair-trade Cotton, Cotton Made in Africa, Cotton lead (USA Cotton) Recycle Cotton which have common goals viz., improving environment, decent working conditions, sustainable prices, increased financial profitability of farmers, optimum use of water, improved soil health and biodiversity.

Vardhman is part of several sustainable cotton programs being run by the Global stakeholders. Vardhman's share of sustainable cotton sourcing is more than 10% of overall cotton purchase.

Company is associated with Organic program in year 2004 and certified in Organic Yarn certification as GOTS (Global Organic Textile Standard), OCS (Organic content Standard), GRS (Global Recycle Standard).

Out of total buying of 42000 MT of man-made fibres and filaments 60% is covering from sustainable sources. In this either product is sustainable or the manufacturing process of suppliers is sustainable.

Almost all the cellulose fibres which are made from Wood pulp are sustainable and certified under FSC programs. Wood Cutting being done by suppliers is under sustainable processes. There are many other new products coming for developments which are sustainable in nature.

Project Pragati

We became a member of BCI in 2011 and became its implementing partner in Gujarat in 2015. At present, total project covers 10054 farmers on land of 18230 hectares in 51 villages.

In this project, company follows seven principles as per global definition of Better Cotton:

* BCI Farmers minimize the harmful impact of crop protection practices
* BCI Farmers promote water stewardship
* BCI Farmers care for the health of the soil
* BCI Farmers enhance biodiversity and use land responsibly
* BCI Farmers care for and preserve fibre quality
* BCI Farmers promote decent work
* BCI Farmers operate an effective management system

Starting with just one producer unit and 1758 farmers, we today have 3 producer units with 9456 farmers associated with us.

2015	2016	2017
1 Producer Unit	3 Producer Units	3 Producer Units
9 Villages	47 Villages	48 Villages
1758 Farmers	8327 Farmers	9456 Farmers
47 LGs	223 LGS	252 LGS
3787 Hectares	14719 Hectares	15973 Hectares
1 Year License	3 Year License	Undergoing
Production of 23000 BCI Bales	Production of 60000 BCI Bales	Production of 75000-80000 BCI Bales

Under project Pragati, we train the farmers on various topics like pre-sowing, nutrient management, water management, pest & disease management, fibre quality & contamination etc., through group meetings, projectors & print material by specialists from Junagadh Agricultural University.

Such initiatives of ours have encouraged more and more farmers to get associated with us.

Water

Being on top of the essential requirements and an indispensable resource for any society, water has been our major priority in terms of sustainability measures undertaken by us.

Water Treatment

As a responsible organization, Vardhman has been always ahead in terms of technology when it comes to our Effluent treatment plants (ETPs) and Sewage treatment plants (STPs) which are 2 & 8 in numbers respectively. The effluent from four of the plants is getting treated through Common Effluent Treatment Plant (CETP).

Water Recycle and Reuse

100% recycling and zero waste: We have Zero Liquid Discharge (ZLD) System Installation at our largest integrated facility at Budhni. Due to this, annual saving of raw water is 216 Lac KL. The ETP's and STP's annually treat about 80 lacs KL & 6.7 lacs KL water respectively. The treated water is reused and recycled which saves 29.8 lacs KL water annually.

Our considerable achievement this year has been 100% reuse of STP treated water at all of our units. We have reached such levels of STP treatment that the treated water is being used in the process, irrigation or toilet flushing.

Water Recharge

We are focused on recharging maximum rain water in to the ground since 2005. We have set up 52 Rain Water Harvesting Systems (RWHS) within our premises. Rain water is directed from roof tops through channels and then collected in a collection pit with filter. Through this, the water is recharged into the ground through bore holes. Every year we recharge approximately 120,000 KLs of water.

Energy Conservation

Towards Conservation of energy, we have moved on to recycling and generating alternative sources of energy in 2017-2018.

Electricity being the major input, we implemented the approach of "Less input, more output". This includes reforms as small as replacement of high voltage consumption lamps with LED lights extending to the usage of latest and modern machines at units for minimum energy consumption giving maximum output in a given period. This has in-turn given us a better profitability as well.

Moving ahead, we have taken the following additional steps at operational level in the year 2017-18:-

* Installation of variable Frequency Drives for Supply & Return Air Fans and water spray pumps of Humidification Plants.
* Installation of APFC Panels to improve power factor.
* Installation of AC drives on suction fan of KTTM and Auto Coner Winding Machines to maintain the required suction pressure.
* Replacement of old power in-efficient distribution transformers with energy efficient ones.
* Replacement of conventional blowers with energy efficient blowers in ETP plants.
* Optimization of compressed air consumption by controlling leakages and modification of air distribution system
* Replacement of old pumps & motors with energy efficient ones
* Laying of additional LT cables to bring down the voltage drop

Renewable Energy

We have taken two major initiatives for use of renewable energy and solid waste management:

* Biogas plants
* Composting

We have been able to reduce our food waste generation by installing Bio-gas plant at two of our locations viz; Auro Textiles, Baddi & Vardhman Fabrics, Budhni. Each installation has a capacity of 5 MT/day and produces 80 kg/day bio-gas which is utilized in canteens and mess.

Apart from the above two campuses, a composting system has been set up at Ludhiana for kitchen waste wherein the manure generated is being used for management of green areas at our premises.

Solar Power

We foresee a good scope of natural energy utilization in the area of Solar Power which we shall be further emphasizing in the coming year.

For the use of solar power as a source of energy for non-factory operations, Vardhman shall make desired investments in order to make maximum contribution to the energy conservation pledge of the Group.

An inception in this regard has already been made by us in our MP region units where Solar Kitchen Automation equipment is being used for cooking that saves approximately ₹ 3.6 lacs worth LPG annually. Solar water heaters are being used in several hostels and residential campuses across the Group.

Air

The quality of Air that we breathe in has always received equal attention by Vardhman when we talk of sustainability. We have taken effective steps to control air emissions arising out of plant operations as well as kitchens.

* Reduction in GHGs: Practices are adopted to reduce other greenhouse gases such as methane, water vapor, nitrous oxide etc.
* Sequestration: Measures are taken to sequester carbon dioxide by promoting forestry, afforestation, tree plantation, or the planting of any kind of vegetation as trees and plants help in the sequestration of carbon dioxide.

Tree plantation has been our focus in the year gone-by wherein we have encouraged our employees to create a green environment.

Under the 6 crore sapling plantation drive of Govt. of Madhya Pradesh on 2nd July 2017- Guinness book of world record attempt, Vardhman contributed by planting 34,500 trees in Budhni.

In the past few years, Vardhman has done over 3.5 lac+ plantations.

PRINCIPLE 3

Employee Well-being

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

1. Please indicate the Total number of employees. 22939 (Including contractual manpower).
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. 2020
3. Please indicate the Number of permanent women employees. 4947 (does not include 466 contractor female employee)
4. Please indicate the Number of permanent employees with disabilities 57
5. Do you have an employee association that is recognized by management? No
6. What percentage of your permanent employees is members of this recognized employee association? NA
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
   (a) Permanent Employees 70%
   (b) Permanent Women Employees 72%
   (c) Casual/Temporary/Contractual Employees 66%
   (d) Employees with Disabilities- 55%

The policies on the principle of Employee well-being are available on the company's website at the following Child Labour- https://www.vardhman.com/user_files/investor/policy%20on%20Prohibition%20of%20Child%20Labour.pdf

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

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

PRINCIPLE 4

Stakeholder Engagement

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

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

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

Stakeholder group	Initiatives
Employees	Our Employee policies safeguard employees against any kind of discrimination based on caste, religion, geography, educational or social background, gender etc.

Stakeholder group	Initiatives
	We believe in the continuous people development through investment in the training & development of our employees even in adverse business times. Women who form 24% of our workforce are given ample opportunities to accept greater roles at work and are treated with utmost respect. Ensuring the safety of women employees is a top priority for Vardhman.
Local Communities around our manufacturing Locations	Development and deployment of need-based community programs in the areas of health, education, skill development, sanitation, livelihood etc. as part of Corporate Social Responsibility (CSR) initiatives.
Business associates	Direct engagement with small and marginal farmers and providing free technical advice to them for improving yield of their cotton crop through deploying better farming methods. This provides an avenue for sustainable livelihood generation and capacity building for small farmers. We educate our agents about the new products and industry scenario and engage them in both formal and informal ways as they are the extended arms of Vardhman. Once in every two years we invite our dealers in customer meet and recognize their efforts in growing sales.
Customers	We provide a dedicated sales team to ensure pre to post sale services to our customer. Post sale service ensures smooth usage of our products and problem solving through a partnership approach has helped us forge long lasting relationships with our customers

PRINCIPLE 5

Human Rights

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

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

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

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

PRINCIPLE 6

Protection and Restoration of the Environment

1. Vardhman's Environment, Health and Safety policy extends to all its group companies and manufacturing units.

2. Climate change, global warming and environmental degradation pose unique challenges as well as opportunities for Vardhman. We are continually investing in new technologies, implementing process improvements and innovating. To make progressive strides and guide us in our endeavor, we have deployed a dedicated team for devising and implementing strategies for managing these risks and opportunities. Few of the steps taken in this regard, are:

    a) Effluent Treatment of all our industrial effluent either through our own ETP or CETP.

    b) Zero Liquid discharge (ETP, RO, MEE) system at one of our units for recycling of treated water for process usage.

    c) Sewerage Treatment Plant for the treatment of domestic sewage at all the sites.

    d) Utilization of treated ETP & STP water for process, gardening & flushing activities.

    e) Disposal of hazardous solid waste generated at CPCB/PCB authorized disposal facility only.

    f) Using the best of rainwater harvesting practices within the industry premises to ensure ground water recharge.

g) All the boiler flue gases are passed through the bag filter and/ or scrubber units.

These steps lead towards reduction of raw water consumption, effluent generation, solid-waste generation, hazardous waste generation and Green House Gases emissions and help to reduce the overall impact on our natural resources and environment.

2. Vardhman identifies and assess potential environmental risks and provide training to employees.

3. We have group-wise facilities for proper management of e-waste, spent oil, and ETP sludge. All these hazardous waste are stored & maintained as per the compliance requirement and are disposed off through authorized recycler.

4. Vardhman has not registered any project related to Clean Development Mechanism project

5. Vardhman has taken various initiative e clean and sustainability initiatives such as:

* **Clean Technology:** We have been able to decompose food waste generated from Colony, Canteen & Hostels by installing Bio-gas plant at two of our locations (Auro Textile & VF Budhni). It produces 80 kg/day bio-gas which is utilized in canteens and mess.

  In MP region, Solar Kitchen Automation equipment's is used for cooking. Solar water heaters are being used in hostels and campus.

* **Energy Conservation:** Energy efficiency initiatives such as switching to more efficient HVAC, lighting, and computing systems have been adopted. Replacement of florescent T8 (36 W) tube lights with T5 (25W) tube lights; Replacement of old motors with premium efficiency IE3 motors; Replacement of HPSV lamps with energy efficient LED street lights on boundary and road lighting; Conversion of electrical heating to steam heating in machines etc.

* **Reduction in water use:** We have been able to reduce our water usage by regular metering, monitoring and controlling of utilities consumption at all our sites.

* **Water conservation:** We have 52 Rain Water Harvesting Systems by which an annual recharge of approx 1,20,000 KL of water is done to the ground.

  Reduction in office waste: Initiatives include installing jet hand dryer in washroom to reduce tissue paper waste.

* **Reduce food waste:** We used organic composter (Aaga System) to compost food waste from canteens, hostels and mess to use it as organic manure for green belt within the premises.

* **Awareness Programme:** Earth Day, Environment Day Environment Week and Water Saving Week which includes various activities like; Tree Plantation, Drawing Competition, Slogan Competition, Speech Competition etc. are celebrated.

* **Plantations:** Every year Vardhman Group undertake plantation drives to increase green area around our factories. In Madhya Pradesh and Himachal Pradesh, we have planted more than 50,000 saplings near our facilities.

* **All the group units of Vardhman is certified now certified by the revised ISO 14001:** 2015 and currently planning for the certification for the ISO 45001:2018 which will replace OHSAS 18001: 2007 (Occupational Health Safety Assessment Series).

6. All the emissions are within the permissible limit of State and Central Pollution Control Board.

7. There is no show cause/legal notices received by our units. Company's EHS policy is available on the website at the link https://www.vardhman.com/user_files/investor/EHS%20Policy.pdf.

PRINCIPLE 7

Responsible Advocacy

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

a. Confederation of Indian Industries (CII);

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

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

d. Confederation of Indian Textile Industry (CITI);

e. Texprocil; etc.

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

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

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

PRINCIPLE 8

Supporting Inclusive Growth and Equitable Development

1. Vardhman supports the principles of inclusive growth and equitable development through its core business as well as its corporate social responsibility initiatives.

   Vardhman believes in being an equal opportunity employer. We offer equal roles and responsibility to women employees.

   The company has a detailed CSR policy in place and the CSR activities are monitored by Board appointed CSR committee. The key focus areas of Vardhman's CSR programs are promotion of education, preventive healthcare, rural development, skill enhancement, Environment protection and other areas as defined in Schedule VII of the Companies Act 2013.

2. The major CSR programs are being pursued in the areas in close proximity to our manufacturing locations so as to enable supervision and maximum developmental impact. Programs under this principal are developed and executed by:

   a. In-house teams for awareness building and contract farming projects with small and marginalized farmers and local communities.

   b. Trusts for community development initiatives around our manufacturing facilities in Punjab, Himachal Pradesh, Madhya Pradesh and Gujarat.

   c. Other organizations- we also collaborate with other public and private organizations like hospitals etc. to provide healthcare initiatives to the underprivileged sections of the society.

3. Vardhman internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the program in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

4. Vardhman's contribution towards community development projects carried under its CSR policy during the reporting period (2017-18) is ₹14.93 crore.

Few of the CSR initiatives are given below:

Area	**Initiatives**
Promoting Education	• 'Vardhman Block' constructed at Government Primary school located in Giaspura, Ludhiana has played a pivotal role in improving the educational environment of about 1400 students, majority of whom are children of the migrant labour employed in the nearby factories. The facilities provided include 14 brand new class rooms with 200 desks & benches, Safe drinking water and Clean & hygienic separate toilets for girls & boys. • Improving School environment, infrastructure & existing facilities by constructing classrooms, toilets, kitchen shed & boundary walls in various Government schools of Punjab, Himachal Pradesh and Madhya Pradesh. We have also constructed science lab, computer Labs, and libraries and provided computers, equipments desks and books to fill the educational gaps for better education environment. • The other initiatives undertaken by the Group include support for about 800 abandoned slum children studying at Nishkam Vidya Mandir, Ludhiana by renovating the entire school.

Area	Initiatives
Promoting healthcare	• Supported the Mother & Child Hospital at Ludhiana by providing an ultrasound machine, water cooler and constructing washrooms for out-patients. This hospital caters the medical needs of nearby population of the area. • An initiative to fight with Cancer & Hepatitis B & C we have signed a MOU with CMC Hospital and DMC for the treatment of these diseases and provided financial assistance to these organisation.
Drinking water & Sanitation	Number of projects were undertaken for providing drinking water and toilet facilities in various government schools in H.P. as well as construction of public toilets in the region.
Better Cotton Initiative	As a part of plan to transform cotton production, Vardhman become implementing partner with BCI in the state of Gujarat. The plan aims at providing technical assistance to farmers toward better farming and integrated pest management techniques. The project covers around 9456 farmers as of now.

5. Note on adoption of community development work by local communities

At Vardhman all our manufacturing units continuously engage with communities surrounding their operations through surveys and focused meetings. This is done to gauge the needs, priorities and expectations of the local community. Initiatives are thus designed and delivered in a transparent manner in line with inputs from the community itself.

The company's CSR policy and amended CSR policy is available on its website at the following link: https://www.vardhman.com/investor-desk#!company_information with the name **Policies-CSR and amended CSR policy 11.03.2016**

PRINCIPLE 9

Providing Value to Customers and Consumers

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

We take care of the well-being of our customers as well as the society. We take care of environment and implement practices that do not harm our society. We consistently work to improve customer satisfaction. We deliver value proactively by anticipating changes in customer's desired needs.

1. Pending complaints at the end of the financial year were of a routine nature and constituted 5-6% of complaints pending for yarn business and 2% for fabric business.

2. We disclose all the information on our labels in compliance with the legal requirements and let customers make an informed decision.

3. There is no case pending against the company regarding unfair trade practices.

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

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 45th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended, 31st March, 2018.

1. Financial Results:

The financial performance of your Company for the year ended 31st March, 2018 is as under:-

(₹ in crore)

Particulars	STANDALONE		CONSOLIDATED	
	2017-18	2016-17	2017-18	2016-17
Revenue from operations (Net)	5,851.37	5,690.95	6,248.27	6,029.95
Other Income	185.06	628.36	197.35	553.86
Profit before Depreciation, Interest & Tax (PBDIT)	1,043.62	1,759.43	1,117.82	1,790.02
Interest and Financial expenses	114.32	125.13	118.19	128.68
Profit before Depreciation and Tax (PBDT)	929.30	1,634.3	999.63	1,661.34
Depreciation	228.55	329.49	240.00	343.40
Profit before Tax (PBT)	700.75	1,304.81	759.63	1,317.94
Provision for Tax - Current	147.58	281.57	165.01	302.64
- Deferred Tax (Net of Adjustment)	7.41	21.65	2.18	21.03
Profit after tax (PAT)	545.76	1,001.59	592.44	994.27
Other Comprehensive Income	1.70	(0.22)	1.60	(0.45)
Total Comprehensive Income for the period	547.46	1,001.37	594.04	993.82
Earnings per share (₹)				
- Basic	96.41	163.67	106.56	163.11
- Diluted	95.45	163.67	105.48	163.11

2. Financial Analysis and Review of Operations:

Production & Sales Review:

During the year under review, your Company has registered Revenue from Operations of ₹ 5,851.37 crore as compared to ₹ 5,690.95 crore in the previous year. The export of the Company increased from ₹ 2,206.90 crore to ₹ 2,211.43 crore showing an increase of 0.21 % over the previous year. The product wise performance is as under:-

a) Yarn:

The production of Yarn increased marginally from 2,02,770 MT to 2,04,091 MT during the year 2017-18.

b) Fabric:

During the year, the production of grey fabric remained same as last year i.e. 175 million meter. The production of processed fabric increased from 116 million meter to 122 million meter.

STANDALONE:

Profitability:

The Company earned profit before depreciation, interest and tax of ₹ 1,043.62 crore as against ₹ 1,759.43 crore in the previous year. After providing for depreciation of ₹ 228.55 crore (previous year ₹ 329.49 crore), interest of ₹ 114.32 crore (previous year ₹ 125.13 crore), provision for current tax of ₹ 147.58 crore (previous year ₹ 281.57 crore), deferred tax (net of adjustments) of ₹ 7.41 crore (previous year ₹ 21.65 crore), the Net Profit after comprehensive income worked out to ₹ 547.46 crore as compared to ₹ 1,001.37 crore in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹ 3,095.17 crore. Out of this, a sum of ₹ 86.09 crore and ₹ 15.79 crore has been utilised towards dividend and corporate dividend tax thereon respectively and an amount ₹ 17.81 crore has been transferred to Debenture Redemption Reserve. After adding a sum of

₹ 2.19 crore on account of dividend received on shares held through Trust and a sum of ₹ 180.81 crore on account of profit on sale of shares held through Trust, a balance of ₹ 3,158.48 crore is proposed to be carried as surplus to the balance sheet.

Resources Utilisation:

a) **Fixed Assets:**

The Net Block as at 31st March, 2018 was ₹ 2,506.77 crore as compared to ₹ 2,458.15 crore in the previous year.

b) **Current Assets:**

The current assets as on 31st March, 2018 were ₹ 4,201.33 crore as against ₹ 3,411.26 crore in the previous year. Inventory level was at ₹ 2,116.51 crore as compared to the previous year level of ₹ 1,589.00 crore.

CONSOLIDATED:

Profitability:

The Company earned profit before depreciation, interest and tax of ₹ 1,117.82 crore as against ₹ 1,790.02 crore in the previous year. After providing for depreciation of ₹ 240.00 crore (previous year ₹ 343.40 crore), interest of ₹ 118.19 crore (previous year ₹ 128.68 crore), provision for current tax of ₹ 165.01 crore (previous year ₹ 302.64 crore), deferred tax (net of adjustments) of ₹ 2.18 crore (previous year ₹ 21.03 crore), the net profit from operations after comprehensive income worked out to ₹ 594.04 crore as compared to ₹ 993.82 crore in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹ 3,288.39 crore. Out of this, a sum of ₹ 84.56 crore and ₹ 18.24 crore has been utilised towards dividend and corporate dividend tax thereon respectively, an amount ₹ 17.81 crore and 2.05 crore has been transferred to Debenture Redemption Reserve and Statutory Reserve respectively. After adding a sum of ₹ 2.19 crore on account of dividend received on shares held through Trust and a sum of ₹ 180.77 crore on account of profit on sale of shares held through Trust, a balance of ₹ 3,348.69 crore is proposed to be carried as surplus to the balance sheet.

Resources Utilisation:

a) **Fixed Assets:**

The Net Block as at 31st March, 2018 was ₹ 2,618.40 crore as compared to ₹ 2,578.05 crore in the previous year.

b) **Current Assets:**

The current assets as on 31st March, 2018 were ₹ 4,545.60 crore as against ₹ 3,838.40 crore in the previous year. Inventory level was at ₹ 2,256.64 crore as compared to the previous year level of ₹ 1,752.81 crore.

Financial Conditions & Liquidity:

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

(₹ in crore)

Particulars	2017-18	2016-17
Cash and Cash equivalents:		
Beginning of the year	38.22	213.69
End of the year	65.20	38.22
Net cash provided (used) by:		
Operating Activities	89.19	1288.92
Investing Activities	(159.28)	(251.80)
Financial Activities	97.07	(1,212.59)

3. Management Discussion and Analysis Report:

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

4. Dividend:

The Board of Directors in its meeting held on 12th May, 2018 has recommended dividend of ₹ 15/- per share on the fully paid up Equity Shares of the Company.

5. Investor Eduction and Protection Fund (IEPF):

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013, read with IEPF Authority

(Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government after the completion of seven years from the date of transfer to the Unpaid Dividend Account of the Company. The shareholders whose dividends have been transferred to the IEPF Authority can claim their dividend from Authority. The unclaimed or unpaid dividend relating to the financial year 2010-11 is due for remittance by the end of September, 2018 to Investor Education and Protection Fund established by Central Government.

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

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

6. Consolidated Financial Statement:

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

7. Subsidiaries, Joint Ventures and Associate Companies:

The Company does not have any material subsidiary. The details of the financials of the subsidiary and associate companies for the year 2017-18 are as follows:-

VMT Spinning Company Limited (VMT)

This subsidiary of the Company was a Joint Venture with Marubeni Corporation (MC), Japan and Marubeni Hong Kong and South China Limited (MHSCL), Hong Kong. During the year, your Company purchased the entire stake of its Joint Venture partners i.e. 6.66% of MC and 3.88% of MHSCL in VMT. As such VMT became a 100% subsidiary of the Company w.e.f. 6th September, 2017. The Revenue from Operations of VMT has increased to ₹ 223.74 crore from ₹ 191.13 crore in the last year. The Net Profit of the Company after comprehensive income worked out to ₹ 1.78 crore as against ₹ 8.26 crore in the previous year registering a decrease of 78.45%.

VTL Investments Limited (VTL)

This 100% subsidiary of your Company is engaged in the business of investment. The earnings of the Company mainly come from the dividend /interest earned on its investments and profits made on sale of investments. During the year, the Company has earned a Net Profit of ₹ 10.24 crore as compared to ₹ 9.75 crore during the previous year.

Vardhman Acrylics Limited (VAL)

This subsidiary of the Company is engaged in the business of manufacturing of Acrylic Fibre. Presently, the Company holds 70.74% shares in this subsidiary. During the Financial Year 2017-18, VAL recorded Revenue from Operations of ₹ 326.97 crore against ₹ 368.43 crore in the previous year. The Net Profit of the Company after comprehensive income worked out to ₹ 38.47 crore as compared to ₹ 40.99 crore in the previous year.

Vardhman Nisshinbo Garments Company Limited (VNGL)

This subsidiary of the Company is a Joint Venture partnership of 51:49 with Nisshinbo Textiles Inc., Japan for manufacturing men's shirts. During the year, the Revenue from Operations of the Company was ₹ 59.81 crore as compared to ₹ 58.18 crore in the previous year. The Company posted a Net Profit of ₹ 0.34 crore as against a net loss of ₹ 0.54 crore in the previous year.

Vardhman Yarns and Threads Limited (VYTL)

Vardhman Yarns and Threads Limited, a Joint Venture with American & Efird Global, LLC (A&E), is an Associate of the Company. It is engaged in the business of threads manufacturing and distribution. Presently, the Company holds 11% stake in VYTL. A&E is the second largest player in threads manufacturing and distribution across the world. During the year under review, the Revenue from Operations were ₹ 812.84 crore as against ₹ 778.58 crore in the previous year registering an increase of 4.40%. The Net Profit for the year after comprehensive income worked out to ₹ 84.43 crore as compared to ₹ 99.09 crore during last year registering a decrease of 14.7%.

Vardhman Special Steels Limited

Vardhman Special Steels Limited (VSSL) is an Associate of the Company. The Company holds 27.20% shares of VSSL. During the year, the Revenue from Operations of the Company was ₹ 877.89 crore as compared to ₹ 753.13 crore in the previous year. The Net Profit for the year after comprehensive income worked out to ₹ 24.73 crore as compared to ₹ 18.91 crore in the previous year.

Vardhman Spinning & General Mills Limited

Vardhman Spinning & General Mills Limited (VSGM) is an Associate of the Company. The Company holds 50% shares of VSGM. It is a trading Company dealing in the business of Cotton and Fibre. During the year, the Company has not traded any goods. So, the Revenue from Operations is NIL for the Financial Year 2017-18. The Company posted a Net Profit of ₹ 29,404 as against a net loss of ₹ 6,851 in the previous year.

8. Directors:

In accordance with the provisions of the Articles of Association of the Company, Mr. Sachit Jain, Director of the Company, retires by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommended his appointment for the consideration of members of the Company at ensuing Annual General Meeting.

Cessation from Directorship: During the year, Mr. Shravan Talwar ceased to be the Director of the Company as his term of appointment expired on 22nd September, 2017. Further, IDBI Bank Ltd. has withdrawn the nomination of Mr. Kumar Neel Lohit from the Board of Directors of your Company w.e.f. 11th December, 2017.

Additional Director: During the year, Dr. Parampal Singh was appointed as an Additional Director of the Company w.e.f. 27th November, 2017.

Declaration under Section 149(6):

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

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

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

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

Continuation of Non-Executive Directors:

Pursuant to the provisions of Regulation 17 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, Special Resolution has been proposed to be passed by the Members in the ensuing Annual General Meeting for continuation of directorships of those non-executive directors who are above the age of 75 years viz Mr. Prafull Anubhai, Mr. A.K. Kundra, Mr. D.B. Jain, Dr. S.K. Bijlani.

Familiarization programmes for Board Members:

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

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

Annual Evaluation of the Board Performance:

The meeting of Independent Directors of the Company for the calendar year 2017 was held on 8th November, 2017 to evaluate the performance of Non-Independent Directors, Chairperson of the Company and the Board as a whole.

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

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

9. Key Managerial Personnel (KMP):

In compliance with provisions of Section 203 of the Companies Act, 2013, following are the KMPs of the

Company as on 31st March, 2018:

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

10. Number of Board Meetings:

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

11. Auditors and Auditors' Report:

Statutory Auditors:

At the Annual General Meeting held on 22nd September, 2017, Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm registration No. 117366W/W-100018) ('Deloitte') were appointed as Statutory Auditors of the Company to hold office till the conclusion of 49th Annual General Meeting of the Company. Their appointment was subject to ratification by Members of the Company in every Annual General Meeting. Now, pursuant to the provisions of section 40 of the Companies (Amendment) Act, 2017, section 139 of Companies Act, 2013 has been amended whereby the requirement of annual ratification of the appointment of Statutory Auditors by the Members of the Company is no longer required. Accordingly, the resolution regarding ratification of the appointment of 'Deloitte' as Statutory Auditors is not being proposed in the ensuing Annual General Meeting.

Further, the Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2018. The Auditors' Report is self-explanatory and requires no comments.

Secretarial Auditor:

M/s. B.K. Gupta & Associates, Company Secretaries in Practice, were appointed as Secretarial Auditors of the Company by the Board of Directors of the Company in its meeting held on 10th May, 2017 for the financial year 2017-18.

The Secretarial Auditors of the Company have submitted their Report in Form MR-3 as required under Section 204, of the Companies Act, 2013 for the financial year ended 31st March, 2018. This Report is self-explanatory and requires no comments. The Report forms part of this report as **Annexure II**.

Cost Auditor:

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

The Board of Directors has appointed M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company to conduct Cost Audit of the Accounts for the financial year ended 2018-19. However, as per provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditors is subject to ratification by members at the Annual General Meeting. Accordingly, the remuneration to be paid to M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, for financial year 2018-19 is placed for ratification by the members.

12. Audit Committee & Vigil Mechanism:

Composition of Audit Committee:

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

Vigil Mechanism:

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

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

The Policy on Vigil Mechanism and whistle blower policy as approved by the Board may be accessed on the Company's website at the link: http://www.vardhman.com/userfiles/20b9bcdbd2cc01fde3e8e7d392d93573769de1941436265078.pdf.

13. Corporate Governance:

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

14. Corporate Social Responsibility (CSR):

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

CSR Policy: The Corporate Social Responsibility (CSR) Policy of the Company indicating the activities to be undertaken by the Company, as approved by the Board, may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/CSR%20Policy%20final.pdf

During the year, the Company has spent ₹14.93 crore on CSR activities.

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

15. Business Responsibility Report (BRR):

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandate the inclusion of the BRR as part of the Annual Report for top 500 listed entities based on market capitalization. In compliance with the Listing Regulations, we have integrated BRR disclosure into our Annual Report.

16. Dividend Distribution Policy (DDP):

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

17. Risk Management:

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

The Risk Management policy may be accessed on the Company's website at the link: http://www.vardhman.com/user_files/a4c0a8b00e407cd507553ea7db7f06e89de1272a1436265025.pdf.

18. Internal Financial Controls:

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

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

19. Particulars of Contracts or Arrangements made with Related Parties:

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

The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http://www.vardhman.com/user_files/96c45534e3ab096d9bc682f8eebade0344f915151436264609.pdf.

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

20. Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013:

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

21. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

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

22. Annual Return:

Pursuant to the provisions of Section 134(3)(a) of Companies Act, 2013, as substituted by Companies (Amendment) Act, 2017, w.e.f. 31st July, 2018, the web address of the extract of Annual Return of the Company is https://www.vardhman.com/user_files/investor/MGT-9.pdf.

23. Human Resources /Industrial Relations:

Human resource is considered as the most valuable of all resources available to the Company. The Company continues to lay emphasis on building and sustaining an excellent organization climate based on human performance. The Management has been continuously endeavoring to build high performance culture on one hand and amiable work environment on the other hand. As on 31st March, 2018, the Company employed around 20,919 employees on permanent rolls.

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

24. Particulars of Employees and Related Disclosures:

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

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

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

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

25. Material Changes and Commitments, if any, affecting the Financial Position of the Company occurred between the end of the Financial Year to which these Financial Statements relate and the date of this Report:

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

26. Directors' Responsibility Statement:

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

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

b. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on 31st March, 2018;

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

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

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

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

27. General Disclosures:

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

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. Change in nature of Business of Company.

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

28. Vardhman Textiles Limited Employee Stock Option Plan, 2016:

The Company has granted options to its employees under Vardhman Textiles Limited Employee Stock Options Plan, 2016 (hereinafter referred as ESOP Plan). As per the terms of the plan, the Company can grant a maximum of 6,36,518 options to eligible employees from time to time. One option entitles the holder to apply for one equity share of the Company in terms of ESOP Plan. Accordingly, during the financial year, a total of 49,250 options were exercised by the eligible employees. Out of this, 42,450 equity shares were allotted during the year ended 31st March, 2018 and 6800 equity shares were allotted on 9th April, 2018. So, the paid up equity share capital of the Company stood increased to ₹ 57,43,34,600 as on 31st March, 2018.

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

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

29. Acknowledgement:

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

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

For and on behalf of The Board

Place : Ludhiana
Dated : 13th August, 2018

(S.P. Oswal)
Chairman & Managing Director

INDEX OF ANNEXURES

(Forming Part of Board Report)

Annexure No.	Particulars
I	Nomination & Remuneration Policy approved by the Board.
II	Secretarial Audit Report in form no. MR-3 for FY 2017-18.
III	CSR Activities – Annual Report FY 2017-18.
IV	Dividend Distribution Policy
V	Conservation of energy, technology absorption, foreign exchange earnings and outgo.
VI	Particulars of employees and related disclosures.

ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE- I

Nomination & Remuneration Policy of the Company:

1. Preface:

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

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

The amended policy is as under:-

2. Role of the Committee:

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

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

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

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

b That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

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

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

e) To devise a policy on Board diversity.

3. Membership:

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

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

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

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

4. Chairman:

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

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

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

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

5. Frequency of Meetings:

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

6. Committee Members' Interests:

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

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

7. Secretary:

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

8. Voting:

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

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

9. Minutes of Committee Meeting:

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

10. Effective Date & Amendments:

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

ANNEXURE- II

Form MR-3

Secretarial Audit Report

for the financial year ended 31st March, 2018

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

To
The Members,
Vardhman Textiles Limited
Chandigarh Road,
Ludhiana- 141010

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Vardhman Textiles Limited ("the Company") for the financial year ended on 31st March, 2018 according to the provisions of:

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

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

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

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

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

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

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

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

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not Applicable during the Audit period;

(e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not Applicable during the Audit period;

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents)

Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

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

(i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

For **B.K. Gupta & Associates**
Company Secretaries

(Bhupesh Gupta)
FCS No.:4590
C P No.:5708

Place: Ludhiana
Date: 18th July, 2018

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

List of Labour Laws

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

List of Environmental Laws

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

ANNEXURE:-A

To
The Members,
Vardhman Textiles Limited
Chandigarh Road,
Ludhiana- 141010

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **B.K. Gupta & Associates**
Company Secretaries

(Bhupesh Gupta)
FCS No.:4590
C P No.:5708

Place: Ludhiana
Date: 18th July, 2018

ANNEXURE- III

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2017-18:

Sr. No.	Particulars	
1.	Brief outline of CSR Policy	The focus areas of the Company under its CSR programme are promotion of education, health care, rural development, skill enhancement, environment protection and any other project as defined in Schedule VII of the Companies Act, 2013.
2.	Composition of CSR Committee	The CSR Committee of the Company consists of:
		i) Mr. A.K. Kundra- Chairman
		ii) Mr. Sachit Jain- Member
		iii) Mr. Neeraj Jain- Member
		iv) Mr. D.L. Sharma- Member
3.	Average net profit of the Company for last three financial years	₹ 850.85 crore
4.	Prescribed CSR Expenditure	₹ 17.02 crore
5.	**Details of CSR spent during the year:**	
	Total amount spent for the financial year	₹ 14.93 crore
	Amount unspent, if any	₹ 2.09 crore
	Manner in which the amount spent during the financial year	ANNEXURE – A
6.	In case the Company has failed to spend two percent, reason thereof.	The Company has spent ₹ 14.93 crore in the Financial year 2017-18 on activities as provided in Annexure A. The prescribed unspent amount will be spent on CSR projects in the coming financial year.
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company	ANNEXURE- B

ANNEXURE:-A

CSR Project or activity identified	Projects or programs 1. Local area or other 2. Specify the state and district where project or program was undertaken	Amount outlay (Budget) project or program wise - Direct Expenditure on Projects/ Programs (including overheads)	Amount spent on the projects or programs subheads - Direct Expenditure on Projects/ Programs (including overheads)	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
A) Promoting Education					
Re Construction / construction of Schools - classrooms, toilets, and providing basic amenities for government schools	Himachal Pradesh	168.62	139.34	139.73	through implementing agency
Improvement of hygiene / sanitation facility inside the school	Himachal Pradesh	42.09	42.09	42.09	Direct
Re Construction / construction of Schools - classrooms, toilets, and providing basic amenities for government schools	Madhya Pradesh	318.13	224.25	250.47	through implementing agency

CSR Project or activity identified	Projects or programs 1. Local area or other 2. Specify the state and district where project or program was undertaken	Amount outlay (Budget) project or program wise - Direct Expenditure on Projects/ Programs (including overheads)	Amount spent on the projects or programs subheads - Direct Expenditure on Projects/ Programs (including overheads)	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
Re Construction / construction of Schools - classrooms, toilets, and providing basic amenities for government schools	Punjab	764.28	605.40	732.08	through implementing agency
B) Promoting Health Care					
Providing Medical Equipment for Optical imaging at a Charitable hospital	Haryana	26.00	23.50	23.50	through implementing agency
Providing various medical equipment and construction of Maternity Child Health Centre	Himachal Pradesh	63.96	56.14	59.00	through implementing agency
Providing various medical equipment and construction of shed	Madhya Pradesh	105.11	64.56	90.91	through implementing agency
Providing various medical equipment and Organizing Health Check-up Camp	Punjab	131.63	107.42	107.42	through implementing agency
Donation to Digestive Disease Care Foundation, Cankids, CMC Hospital	Punjab	31.50	31.50	31.50	Direct
C) Rural Development Projects					
Village Adoptions Program under BCI Cotton	Gujarat	135.77	80.63	113.72	through implementing agency
Construction of Public toilets, drainage system, Public library cum community hall	Himachal Pradesh	39.75	32.12	35.97	through implementing agency
Providing solar lights, Development of Nurseries, Providing Drinking water supply	Madhya Pradesh	22.85	13.66	17.54	through implementing agency
Construction of Bus shelters at bus stops, Setting up of open gym by providing Exercising Equipment.	Punjab	31.65	31.50	31.50	through implementing agency
D) Measures for the benefit of armed forces veterans, war widows and their dependents	Punjab	1.00	0.68	0.68	through implementing agency

CSR Project or activity identified	Projects or programs 1. Local area or other 2. Specify the state and district where project or program was undertaken	Amount outlay (Budget) project or program wise - Direct Expenditure on Projects/ Programs (including overheads)	Amount spent on the projects or programs subheads - Direct Expenditure on Projects/ Programs (including overheads)	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
E) Promoting Art and Culture	Haryana	3.00	3.00	3.00	through implementing agency
F) Environmental Sustainability					
Developing Green Belt area and plantation activities to increase green area	Himachal Pradesh	0.54	0.48	0.48	through implementing agency
Developing Green Belt area and plantation activities to increase green area	Madhya Pradesh	45.16	36.73	38.74	through implementing agency
Total Amount		**1931.04**	**1493.00**	**1718.33**	

ANNEXURE- B

Responsibility Statement

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

Date: 12th May, 2018
Place: Ludhiana

S.P. Oswal
Chairman & Managing Director

A.K. Kundra
Chairman of CSR Committee

ANNEXURE- IV

Dividend Distribution Policy

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

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

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

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

A. Parameters for Declaration of Dividend

1. Internal / Financial Factors:

1.1. Expansion plans

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

1.2 Cost of borrowings

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

1.3 Operating cash flow of the Company

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

1.4 Return on invested capital

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

1.5 Corporate Actions

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

2. External Factors:

2.1 Macroeconomic conditions

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

2.2 Statutory Compulsions

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

B. Utilisation of Retained Earnings

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

C. Parameters for various classes of shares

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

D. Periodic Review

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

E. Disclosure of Policy

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

ANNEXURE- V

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

Steps taken for Conservation of Energy:

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

Consequent to the Energy Conservation measures taken, the Company was able to save 76.69 Lac KWH units of electricity thereby making a saving of ₹ 4.67 crore during the financial year 2017-18.

Technology Absorption:

Efforts made in Technology Absorption are furnished as under:

A) Research and Development (R&D):

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

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

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

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

3. Future Course of action:

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

4. Expenditure on R & D:

(₹ In crore)

	2017-18	2016-17
Capital	6.29	6.36
Recurring	0.85	0.94
Total	**7.14**	**7.30**
Total R & D expenditure as a Percentage of Turnover	**0.12%**	**0.13%**

B) Technology Absorption, Adaptation and Innovation:

1. Efforts made:

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

2. Particulars of technology imported in last five years.

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

Foreign Exchange Earnings and Outgo:

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

- Exports of Yarns Diversified into new Products & Markets with continuous growth.
- Continuously enhanced the sale of more environment friendly yarns.

Total Foreign Exchange earned and used:

(₹ In crore)

	2017-18	2016-17
a). Earnings (FOB value of Exports, commission earned)	2,211.43	2,206.90
b). Outgo (CIF value of Imports and expenditure in foreign currency)	811.71	439.33

ANNEXURE- VI

Particulars of employees and related disclosures:

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 are as under:

Sr. No.	Name of Director/ KMP and Designation	Remuneration for Directors/ KMP for financial year 2017-18 (Amount In ₹)	% Increase in Remuneration in the financial year 2017-18	Ratio of Remuneration of Each Director/ KMP to Median Remuneration of Employees
1.	S.P. Oswal Chairman & Managing Director	15,18,64,445	-43.03	466.61
2.	Sachit Jain Joint Managing Director	1,39,98,116	18.70	43.01
3.	Neeraj Jain Joint Managing Director	1,66,09,080	50.34	51.03
4.	Suchita Jain Joint Managing Director	1,67,79,295	N.A.*	51.55
5.	D.L. Sharma Non- Executive Non- Independent Director	-	-	-
6.	Prafull Anubhai Non- Executive Independent Director	3,80,000	-14.61	1.17
7.	A.K. Kundra Non- Executive Independent Director	5,00,000	-15.97	1.54
8.	D.B. Jain Non- Executive Independent Director	2,60,000	13.04	0.80
9.	R.M. Malla Non- Executive Independent Director	1,70,000	-17.07	0.52
10.	S.K. Bijlani Non- Executive Independent Director	2,55,000	-1.92	0.78
11.	Parampal Singh Additional Director**	35,000	N.A.	0.11
12.	Shravan Talwar Non-Executive Independent Director***	65,000	-31.58	0.20
13.	Kumar Neel Lohit Nominee Director of IDBI Bank Ltd.****	70,000	100	0.22
14.	Rajeev Thapar Chief Financial Officer	56,43,508	15.57	17.34
15.	Sanjay Gupta Company Secretary#	14,84,844	N.A.	4.56

Note:

* Remuneration of Mrs. Suchita Jain for the financial year 2017-18 cannot be compared with her remuneration in the financial year 2016-17 as she received remuneration for only a part of the financial year 2016-17 (i.e. w.e.f. 24th August, 2016).

** Dr. Parampal Singh was appointed as an Additional Director of Company w.e.f. 27th November, 2017;

*** During the year, Mr. Shravan Talwar ceased to be Director of the Company w.e.f. 22nd September, 2017;

**** IDBI Bank Limited has withdrawn the nomination of Mr. Kumar Neel Lohit from the Board of the Company w.e.f. 11th December, 2017.

\# Mr. Sanjay Gupta has been appointed as a Company Secretary (KMP) w.e.f. 1st June, 2017.

2. The median remuneration of employees of the Company during the financial year was ₹ 3.25 Lacs.

3. In the financial year, there was an increase of 2.60% in the median remuneration of employees.

4. There were 20,919 permanent employees on the rolls of the Company as on March 31, 2018.

5. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2017-18 was 8.66% whereas the increase in the managerial remuneration for the same financial year was -31.93%.

6. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Details pertaining to remuneration as required under section 197(12) of Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Persons employed throughout the financial year, who were in receipt of remuneration which, in the aggregate, was not less than ₹ 1,02,00,000/- per annum

Sr. No.	Name of employee	Designation/ Nature of duties	Remuneration (in ₹ lac)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last employment
1.	Mr. S.P. Oswal	Chairman & Managing Director	1,518.64	M.Com	75	51	08.10.1973	Chairman and Managing Director (Vardhman Spinning and General Mills Limited)
2.	Mr. Sachit Jain	Joint Managing Director	139.98	B. Tech, MBA	52	28	13.06.1994	Executive Director, VMT Spinning Company Limited
3.	Mr. Neeraj Jain	Joint Managing Director	166.09	B.Com, CA	51	26	31.03.2010	N.A.
4.	Mrs. Suchita Jain	Joint Managing Director	167.79	M.Com	50	25	30.03.2005	N.A.

B. Persons employed for a part of financial year, who were in receipt of remuneration for any part of that year, at a rate which in aggregate, was not less than ₹ 8,50,000/- per month – NIL

C. A statement showing details of Top Ten Employees in terms of remuneration drawn:

Sr. No.	Name	Age	Designation	Gross Remuneration (₹ in lakhs per annum)	Nature of Employment	Qualification	Experience	Date of joining	Previous Employment (Company Name)	No. of Equity Shares held on 31.03.2018
1.	I.J. Dhuria	64	Director (Materials)	68.01	Regular	B.Sc. (Hons.), MBA	39.06	05/10/1989	Modi Spinning & Weaving Mills Ltd.	950
2.	I.M.J.S Sidhu	70	President & Director In-charge	64.64	Regular	B.Text.	47.00	03/03/1981	Shree Bhawani Cotton Mills Ltd.	1500
3.	D.K. Sindwani	57	Director (Corporate Services)	63.50	Regular	B.Com , CA	33.00	01/04/2015	Hero Steels Ltd.	500
4.	Rajeev Thapar	50	CFO	56.43	Regular	B.Com (Hons.), CA	28.08	01/06/1990	S C Vasudeva & Co.	610
5.	Rakesh Mishra	56	Vice-President	52.15	Regular	B.Sc, M.Sc, MCA, MBA	31.04	28/01/2016	Jindal Steel Ltd.	500
6.	S. Pal	74	Director (MP Location)	51.47	Regular	MA (Pol.Sc.), MA (History), Dip.PM/IR	54.00	15/05/1985	Punjab Alkalies & Chemicals Ltd.	1500
7.	T.C. Gupta	58	Chief General Manager (Operations)	47.01	Regular	B.Tech. (Textiles)	35.11	24/05/1993	Modern Syntex Ltd.	100
8.	K.K. Lahiri	60	Chief General Manager (Operations)	46.16	Regular	B.Text., M.Text. (IIT), Dip.in Mgmt.	35.00	11/04/1986	Rama Fabrics	0
9.	S.K. Rai	41	Vice-President	46.00	Regular	BCA, MIT, MBA	15.06	22/08/2017	International Tractors Ltd.	0
10.	Parveen Dhingra	53	General Manager (Operations)	45.15	Regular	B.Text.	29.05	27/09/1993	Deepak Spinners Ltd.	400

Note: None of the above employees is related to any Director of the Company.

Details pertaining to Remuneration or Commission received from Holding or Subsidiary of the Company as required under Section 197(14) of the Companies Act, 2013

Sr. No.	Name of Director	Name of Subsidiary Company	Amount (In ₹ lacs)
1.	Mr. Neeraj Jain	VMT Spinning Co. Ltd.	25.36

CORPORATE GOVERNANCE REPORT

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

1. Company's Philosophy:

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

2. Board of Directors/ Board Meetings:

i. Composition as on March 31st, 2018

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

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

Relationship Inter-se:

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

ii. Board Meetings:

During the financial year 2017-2018, the Board met 4 (Four) times on the following dates:

- 10th May, 2017
- 11th August, 2017
- 08th November, 2017
- 6th February, 2018

iii. Attendance of the Directors at the Board Meetings during the year and at last Annual General Meeting of the Company as also the number of other Directorship/Chairmanship in Indian Public Limited Companies are as follows:-

Name of Director	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in other Companies	No. of Committee memberships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanship in other companies
S.P. Oswal	4	Yes	7	-	3	-
Sachit Jain	3	No	5	2	-	1
Suchita Jain	3	Yes	7	1	-	-
Neeraj Jain	4	Yes	4	-	-	-
D.L. Sharma	2	Yes	10	2	1	-
Prafull Anubhai	4	Yes	3	3	-	1
A. K Kundra	4	No	2	-	-	-
D.B. Jain	4	No	-	-	-	-
R.M. Malla	4	No	6	2	-	1
S.K. Bijlani	3	No	1	1	-	-
Parampal Singh*	1	No	-	-	-	-
Shravan Talwar**	2	No	-	-	-	-
Kumar Neel Lohit***	2	No	-	-	-	-

* Dr. Parampal Singh was appointed as an Additional Director of Company w.e.f. 27th November, 2017;

** During the year, Mr. Shravan Talwar ceased to be a Director of the Company w.e.f. 22nd September, 2017;

*** IDBI Bank Limited has withdrawn the nomination of Mr. Kumar Neel Lohit from the Board of the Company w.e.f. 11th December, 2017.

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

3. Board Committees:

i. Board Committees, their composition and terms of reference are provided as under:

Name of Committee	Composition	Terms of Reference
Audit Committee	Prafull Anubhai (Chairman) A.K. Kundra D.B. Jain D.L. Sharma S.K. Bijlani	• The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
Nomination and Remuneration Committee	Prafull Anubhai (Chairman) S.P. Oswal A.K. Kundra	• The role of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. • Formulated and recommended Nomination and Remuneration Policy. • The Nomination & Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013. • Nomination and Remuneration Policy of the Company forms part of the Board Report as Annexure I.

Name of Committee	Composition	Terms of Reference
Corporate Social Responsibility Committee	A.K. Kundra (Chairman) D.L. Sharma Neeraj Jain Sachit Jain	• Formulated and recommended CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to provisions of Schedule VII of the Companies Act, 2013 read with CSR Rules, 2014. The CSR policy may be accessed on the Company's website at the link: http://www.vardhman.com/user_files/d622b1c8d626fabfcecf09e145cb1b4e9f4884761436264563.pdf. • Recommends expenditure to be incurred for CSR activities/project and ensures effective monitoring of CSR policy of the Company from time to time. • The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as Annexure III.
Stakeholder's Relationship Committee	A.K. Kundra (Chairman) D.L. Sharma Sachit Jain	• The Committee reviews and ensures redressal of investor grievances. • The Committee noted that during the year the Company received 11 complaints related to non-receipt of dividend, bonus shares and annual report, etc. All the complaints have been duly resolved by the Company and there is no pendency in respect of shares received for transfer during 2017-2018 except those that are disputed/ sub-judice.

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

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

Board Committees	Audit	CSR	Nomination & Remuneration	Stakeholders Relationship
Meetings held	5	3	2	1
S.P. Oswal	N.A.	N.A.	2	N.A.
Sachit Jain	N.A.	0	N.A.	0
Suchita Jain	N.A.	N.A.	N.A.	N.A.
Neeraj Jain	N.A.	3	N.A.	N.A.
D.L. Sharma	3	2	N.A.	1
Prafull Anubhai	5	N.A.	2	N.A.
A. K Kundra	5	3	2	1
D.B. Jain	4	N.A.	N.A.	N.A.
R.M. Malla	N.A.	N.A.	N.A.	N.A.
S.K. Bijlani	4	N.A.	N.A.	N.A.
Parampal Singh*	N.A.	N.A.	N.A.	N.A.
Shravan Talwar**	2	N.A.	N.A.	N.A.
Kumar Neel Lohit***	N.A.	N.A.	N.A.	N.A.

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

* Dr. Parampal Singh was appointed as an Additional Director of Company w.e.f. 27th November, 2017;

** During the year, Mr. Shravan Talwar ceased to be a Director of the Company w.e.f. 22nd September, 2017;

*** IDBI Bank Limited has withdrawn the nomination of Mr. Kumar Neel Lohit from the Board of the Company w.e.f. 11th December, 2017.

iii. Meeting of Independent Directors:

A meeting of Independent Directors of the Company for the calendar year 2017 was held on 8th November, 2017 to evaluate the performance of Non-Independent Directors of the Company, Chairman of the Company and the Board as a whole.

Performance Evaluation

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

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

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

Familiarisation programme for Independent Directors

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

4. Directors' Remuneration:

i) Chairman and Managing Director / Executive Directors:

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

A detail of remuneration paid to the Directors during the year 2017-18 is as given below:

(₹ in Lakhs)

Name	Designation	Salary	Perquisites & Allowances	Retirement Benefit	Commission	Gross remuneration
S.P. Oswal	Chairman & Managing Director	65.31	7.22	5.60	1,440.51	1,518.64
Sachit Jain	Joint Managing Director	85.56	0.43	6.05	47.94	139.98
Neeraj Jain	Joint Managing Director	86.71	12.82	6.06	60.50	166.09
Suchita Jain	Joint Managing Director	94.08	0.43	6.78	66.50	167.79

ii) Non-Executive Directors:

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

The Non-Executive Directors are paid sitting fees @ ₹ 35,000/- per Board Meeting and @ ₹ 30,000/- per Committee Meeting. The detail of sitting fees paid to the Directors during the Financial Year 2017-18 is given hereunder: -

	Name of Director	Sitting Fee (₹)
1.	Prafull Anubhai	3,80,000
2.	A.K. Kundra	5,00,000
3.	D.B. Jain	2,60,000
4.	R.M. Malla	1,70,000
5.	S.K. Bijlani	2,55,000
6.	Parampal Singh*	35,000
7.	Shravan Talwar**	65,000
8.	Kumar Neel Lohit (IDBI Nominee)***	70,000

* Dr. Parampal Singh was appointed as an Additional Director of Company w.e.f. 27th November, 2017;

** During the year, Mr. Shravan Talwar ceased to be a Director of the Company w.e.f. 22nd September, 2017;

*** IDBI Bank Limited has withdrawn the nomination of Mr. Kumar Neel Lohit from the Board of the Company w.e.f. 11th December, 2017.

5. Shareholding details of Directors as on 31st March, 2018:

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

S. No.	Name of Director	Number of Shares Held
1.	S.P. Oswal	5,97,591
2.	Suchita Jain	2,44,424
3.	Neeraj Jain	1,515
4.	D.L. Sharma	5,003

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

6. General Body Meetings:

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

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
44th Annual General Meeting for the Financial year ended 31st March, 2017.	Friday, 22nd September, 2017 at 09.00 A.M.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	1
43rd Annual General Meeting for the year ended 31st March, 2016.	Monday, 5th September, 2016 at 09:00 A.M.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	1
42nd Annual General Meeting for the year ended 31st March, 2015.	Friday, 4th September, 2015 at 10.00 A.M.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	1

ii. Postal Ballot

During the year, no resolution was passed through postal ballot. There is no immediate proposal for passing any resolution through postal ballot in financial year 2018-19.

7. Disclosures:

i. There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large. Transactions with related parties are disclosed in Note No. 33 to the Financial Statements. The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http://www.vardhman.com/user files/96c45534e3ab096d9bc682f8eebade0344f915151436264609.pdf.

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

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

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

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

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

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

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

ix. As on March 31, 2018, there were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments.

x. During the year 2017-18, the Company had managed the foreign exchange risk and commodity price risk and hedged to the extent considered necessary. The Company enters into forward contracts and options contracts for hedging foreign exchange exposures against exports and imports. Further, Company also enters in commodity forward contracts for hedging commodity price risk exposures on cotton purchase. The details of foreign currency exposure are disclosed in the Note No. 37 to the Financial Statements.

xi. The Company has no material subsidiary.

8. Means of Communication:

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

GENERAL INFORMATION FOR SHAREHOLDERS

i) 45th Annual General Meeting:	
Date	: 27th September, 2018
Time	: 11:00 a.m.
Venue	: Regd. Office, Vardhman Premises, Chandigarh Road, Ludhiana-141 010
ii) Financial Calendar 2018-19 (Tentative)	
First Quarter Results	: August, 2018
Second Quarter Results	: November, 2018
Third Quarter Results	: February, 2019
Annual Results	: May, 2019
iii) Dates of Book Closure	: 17th September, 2018 to 27th September, 2018 (both days inclusive)
iv) Dividend payment date	: Within 30 days after declaration.
v) Listing	: The securities of the Company are listed on the following Stock Exchanges: - 1. The BSE Limited, Mumbai (BSE), 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai-400 001. 2. The National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai.

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

vi) Stock Code:

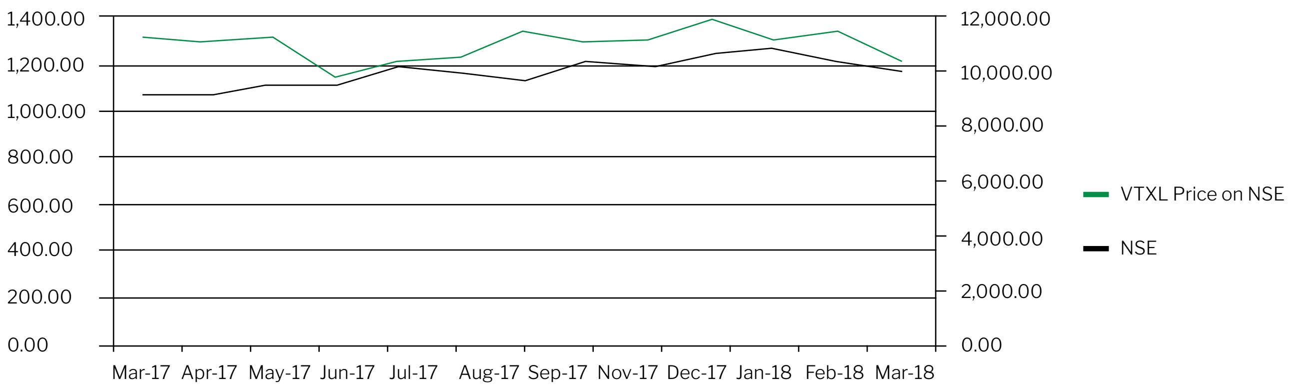
- The Bombay Stock Exchange Limited, Mumbai : 502986
- The National Stock Exchange of India Limited : VTL

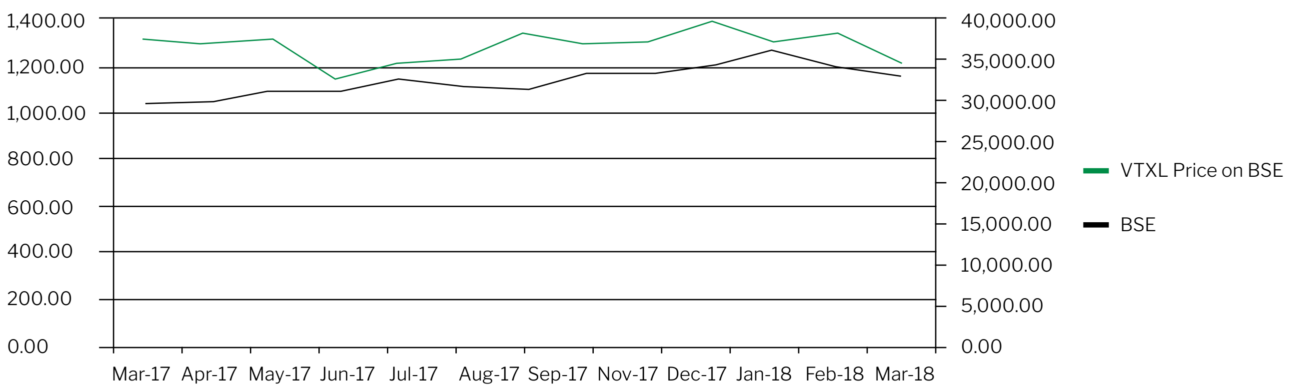
vii) Stock Market Data:

The month-wise highest and lowest and closing stock prices of NSE vis-a-vis BSE during the financial year 2017-18 is given below: -

Financial Year 2017-18	Share Prices of Vardhman Textiles Limited on NSE				Share Prices of Vardhman Textiles Limited on BSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing
April	1391.20	1280.05	1298.45	-1.08	1430.00	1280.00	1294.9	-1.76
May	1349.85	1251.00	1297.00	-0.11	1400.00	1252.00	1299.15	0.33
June	1315.00	1128.30	1139.80	-12.12	1325.00	1130.00	1138.8	-12.34
July	1243.10	1128.35	1218.65	6.92	1249.70	1128.95	1222.6	7.36
August	1248.00	1138.00	1223.60	0.41	1234.55	1138.50	1222.5	-0.01
September	1349.00	1164.00	1337.10	9.28	1345.00	1161.70	1330.05	8.80
October	1354.95	1225.00	1289.70	-3.54	1366.00	1220.35	1291.8	-2.88
November	1334.40	1215.05	1308.85	1.48	1331.00	1218.95	1304.95	1.02
December	1398.90	1277.05	1378.85	5.35	1399.00	1275.50	1367.55	4.80
January	1559.95	1293.00	1297.40	-5.91	1565.10	1290.00	1295.7	-5.25
February	1415.00	1266.55	1347.95	3.90	1407.35	1266.00	1351.15	4.28
March	1384.75	1188.00	1222.20	-0.09	1378.45	1194.05	1220.75	-9.65

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





ix) Information regarding Dividend Payment:

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

Dividends remaining unpaid/ unclaimed upto the Financial Year 2009-10 has been transferred to the Investor Education and Protection Fund (IEPF). The unclaimed or unpaid dividend relating to the Financial Year 2010-11 is due for remittance by the end of September, 2018 to IEPF.

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

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

x) Registrar & Transfer Agent:

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

M/s. Alankit Assignments Limited,

(Unit: Vardhman Textiles Limited)

1E/13, Alankit Heights, Jhandewalan Extension, New Delhi - 110 055.

Phone: (011) 41540060-63, Fax: (011) 41540064, E-mail: rta@alankit.com

xi) Share Transfer System:

The Company has constituted a Share Transfer Committee of its Directors. The Committee meets on an average once in 10 days. The list of valid transfers prepared by the Transfer Agent in respect of transfer cases received by them and objections, if any, are placed before the Committee for its approval/confirmation. The Share Certificates are returned back to the shareholders by Transfer Agent within 15 days from the date of receipt by them.

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

xii) Distribution of Shareholding as on 31st March, 2018:

Range No. of Shares	Shareholders		Shares	
	Numbers of total Holders	% to Total Holders	Numbers of shares Held	% to Total Shares
Upto-500	21727	91.42	1925381	3.35
501-1000	999	4.20	709240	1.24
1001-2000	478	2.01	682363	1.19
2001-3000	150	0.63	380457	0.66
3001-4000	67	0.28	235695	0.41
4001-5000	42	0.18	195206	0.34
5001-10000	99	0.42	715621	1.25
10001- above	203	0.86	52589497	91.56
Total	**23765**	**100**	**57433460**	**100**

xiii) Dematerialisation of shares:

As on 31st March, 2018, 98.40% of the capital comprising 5,65,17,362 shares, out of total of 5,74,33,460 shares, were dematerialized.

xiv) Stock Options:

The Company has granted options to its employees under Vardhman Textiles Limited Employee Stock Options Plan, 2016 (hereinafter referred as ESOP Plan). As per the terms of the plan, the Company can grant a maximum of 6,36,518 options to eligible employees from time to time. One option entitles the holder to apply for one equity share of the Company in terms of ESOP Plan. Accordingly, during the financial year, a total of 49,250 options were exercised by the eligible employees. Out of this, 42,450 equity shares were allotted during the year ended 31st March, 2018 and 6800 equity shares were allotted on 9th April, 2018. So, the paid up equity share capital of the Company stood increased to ₹ 57,43,34,600 as on 31st March, 2018.

xv) Plant Location:

- Arihant Spinning Mill
  Industrial Area, Malerkotla-148 023
- Anant Spinning Mills,
  New Industrial Area, Mandideep-462 046
- Arisht Spinning Mills,
  Sai Road, Baddi, Distt. Solan (H.P.)- 173 205.
- Auro Spinning Mills,
  Sai Road, Baddi, Distt. Solan (H.P.)- 173 205.
- Auro Dyeing,(Unit –I & II)
  Sai Road, Baddi, Distt. Solan (H.P.)- 173 205.
- Auro Weaving Mills,
  Sai Road Baddi, Distt. Solan (H.P.) - 173 205.
- Auro Textiles (Unit-I & II)
  Sai Road, Baddi, Distt. Solan (H.P.)- 173 205
- Mahavir Spinning Mills (Textile Division)
  Sai Road, Baddi, Distt. Solan (H.P.)- 173 205
- Mahavir Spinning Mills (Textile Division) (Unit II),
  Sai Road, Baddi, Distt, Solan (H.P.) - 173205
- Vardhman Spinning Mills,
  Sai Road, Baddi, Distt. Solan (H.P.)- 173 205
- Vardhman Spinning and General Mills,
  Chandigarh Road, Ludhiana-141 010.
- Vardhman Fabrics
  Budhni, Distt. Sehore (M.P.)
- Vardhman Yarns
  Satlapur, Distt. Raisen (M.P.)
- Vardhman Fabrics (Power Division)
  Budhni, Distt. Sehore (M.P.)
- Vardhman Yarns (Power Division)
  Satlapur, Distt. Raisen (M.P.)

xvi) Address for correspondence:

Registered office: Chandigarh Road, Ludhiana-141010
Tel : 0161-2228943-48
Fax : 0161-2601048, 2602710, 2222616
E-mail : secretarial.lud@vardhman.com
(Exclusively for redressal of investors' grievances)

CHAIRMAN & MANAGING DIRECTOR'S DECLARATION

I, S.P. Oswal, Chairman & Managing Director of Vardhman Textiles Limited declare that all Board Members and Senior Management Personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2018.

Place: Ludhiana
Dated: 12th May, 2018

S.P. Oswal
Chairman & Managing Director

CORPORATE GOVERNANCE CERTIFICATE

To the Members of
Vardhman Textiles Limited

Independent Auditor's Certificate on Corporate Governance

1. This certificate is issued in accordance with the terms of our engagement letter dated November 6, 2017.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Vardhman Textiles Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

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

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

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

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

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.

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

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

Rajesh Kumar Agarwal
Partner
(Membership No. 105546)

Place: Ludhiana
Date: May 12, 2018

Independent Auditor's Report

To the Members of **Vardhman Textiles Limited**

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Vardhman Textiles Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

    e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

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

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

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

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: Ludhiana
Date: May 12, 2018

Annexure “A” to the Independent Auditor’s Report

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

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

We have audited the internal financial controls over financial reporting of Vardhman Textiles Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: Ludhiana
Date: May 12, 2018

Annexure "B" to the Independent Auditor's Report

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

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

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

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deeds and transfer deeds / conveyance deeds and the confirmations received by us from "ICICI Bank Limited and IDBI Bank Limited" (custodians) on behalf of term and consortium lenders for the credit facility extended to the Company against immovable properties whose title deeds have been pledged as security for obtaining credit facility and the same are held in the name of Company.

We report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of Land and building	Carrying value as at March 31, 2018 (₹ In crore)	Remarks
Freehold land located at Chandigarh admeasuring 1170.56 square meters.	4.38	Pending registration in the name of Company

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

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

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

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

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

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

(v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.

We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, goods and services tax, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, goods and services tax, cess and other material statutory dues applicable in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of excise duty, sales tax, value added tax, service tax and income-tax which have not been deposited as on March 31, 2018 on account of disputes are given below and there are no dues of customs duty as on March 31, 2018 on account of disputes

Nature of Statute	**Nature of Dues**	**Forum where dispute is pending**	**Period**	**Amount***	**Amount paid under protest**	**Amount unpaid**
					(₹ In crore)	
Central Excise Laws	Excise Duty	Supreme Court	2005	0.04	-	0.04
		CESTAT	2009-2013	2.17	-	2.17
		Upto Commissioner (Appeals)	2001 - 2015	2.73	0.08	2.65
Service Tax Laws	Service Tax	CESTAT	2010 - 2011	0.02	-	0.02
		Upto Commissioner (Appeals)	2008-2011	0.07	-	0.07
Sales Tax Laws	Central Sales Tax	Upto Commissioner (Appeals)	2009-2010	0.06	-	0.06
	State Sales Tax	Appellate Board	2006-2007	0.51	0.20	0.31
		Upto Commissioner (Appeals)	2005 - 2006	0.02	-	0.02
Income-tax Laws	Income-tax	ITAT	2001-2012	141.42	115.21	26.21
		Upto Commissioner (Appeals)	2012-2014	87.65	18.80	68.85

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

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

(ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. During the year, the Company has raised ₹499.80 crore through private placement of non-convertible debentures, however it has not raised any money by way of initial public offer/further public offer (including debt instruments) during the year.

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

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

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

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

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

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

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

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

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: Ludhiana
Date: May 12, 2018

Balance Sheet as at March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3A	2,503.04	2,451.41
(b) Capital work-in-progress	3A	105.08	48.54
(c) Intangible assets	3B	3.73	6.74
(d) Financial assets			
(i) Investments	4	787.96	972.19
(ii) Loans	5	0.59	0.61
(iii) Others financial assets	6	8.97	1.74
(e) Other non-current assets	7	85.26	66.04
Total Non-current assets		**3,494.63**	**3,547.27**
Current assets			
(a) Inventories	8	2,116.51	1,589.00
(b) Financial assets			
(i) Investments	9	804.04	670.60
(ii) Trade receivables	10	727.32	717.91
(iii) Cash and cash equivalents	11	65.20	38.22
(iv) Bank balances other than above	11A	3.11	2.25
(v) Loans	12	45.21	36.56
(vi) Other financial assets	13	23.99	40.47
(c) Current tax assets(net)	14	99.07	45.14
(d) Other current assets	15	316.88	271.11
Total Current assets		**4,201.33**	**3,411.26**
TOTAL ASSETS		**7,695.96**	**6,958.53**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	57.43	55.93
(b) Other equity	17	4,574.53	3,929.92
Equity attributable to the owners of the Company		**4,631.96**	**3,985.85**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	1,195.55	719.35
(ii) Other financial liabilities	19	0.65	0.49
(b) Provisions	20	7.04	8.90
(c) Deferred tax liabilities (Net)	21	235.60	238.41
(d) Other non-current liabilities	22	22.18	21.01
Total Non-current liabilities		**1,461.02**	**988.16**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	805.51	1,055.06
(ii) Trade payables	24	196.19	177.41
(iii) Other financial liabilities	25	471.94	600.76
(b) Provisions	26	4.82	4.28
(c) Current tax liabilities (net)	14	9.45	-
(d) Other current liabilities	27	115.07	147.01
Total Current liabilities		**1,602.98**	**1,984.52**
TOTAL EQUITY AND LIABILITIES		**7,695.96**	**6,958.53**
See accompanying notes to the standalone financial statements	1 - 48		

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Joint Managing Director
DIN:00746471

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

Place : Ludhiana
Date: May 12, 2018

Place : Ludhiana
Date: May 12, 2018

Statement of Profit and Loss for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations	28	5,851.37	5,690.95
II	Other income	29	185.06	628.36
III	**Total Income (I+II)**		**6,036.43**	**6,319.31**
IV	**Expenses :**			
	Cost of materials consumed	30	3,180.52	2,836.69
	Purchases of stock-in-trade	31	33.63	29.20
	Changes in inventories of finished goods,work-in-progress and stock-in-trade	32	(48.01)	(74.18)
	Employee benefits expense	33	479.63	453.61
	Finance costs	34	114.32	125.13
	Depreciation and amortization	3A & 3B	228.55	329.49
	Other expenses	35	1,347.04	1,314.56
	Total Expenses		**5,335.68**	**5,014.50**
V	**Profit before tax (III-IV)**		**700.75**	**1,304.81**
VI	**Tax expense:**	36		
	Current tax		147.58	281.57
	Deferred tax		7.41	21.65
VII	**Profit for the year (V-VI)**		**545.76**	**1,001.59**
VIII	**Other Comprehensive Income**	17		
	A Items that will not be reclassified to profit or loss			
	(a) (i) Remeasurements of the defined benefits plans		2.51	(0.51)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.87)	0.17
	(b) (i) Equity instruments through other comrehensive income		0.09	0.18
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.03)	(0.06)
IX	**Total other comprehensive income**		**1.70**	**(0.22)**
X	**Total comprehensive income for the year (VII+IX)**		**547.46**	**1,001.37**
	Earnings per equity share (amount in ₹)	42		
	(1) Basic		96.41	163.67
	(2) Diluted		95.45	163.67
	See accompanying notes to the standalone financial statements	1 - 48		

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Joint Managing Director
DIN:00746471

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

Place : Ludhiana
Date: May 12, 2018

Place : Ludhiana
Date: May 12, 2018

Cash Flow Statement for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	700.75	1,304.81
Adjustments for:		
Finance costs	103.81	112.52
Fair valuation gain on investment	(78.08)	(95.30)
Subsidy income	(1.79)	(1.81)
Prepayments of leasehold land	0.08	0.08
Interest income	(17.76)	(33.30)
Dividend on current investments	(19.98)	(15.41)
Net gain on sale / discarding of property, plant and equipment	(4.69)	(61.58)
(Profit)/Loss on sale of Investments (Net)	(20.26)	(365.61)
Provision no longer required written back (net)	(8.02)	(3.50)
Amortization of processing charges	0.64	0.87
Assets written off	3.32	4.34
Bad debt written off	0.45	3.52
Allowances for doubtful trade receivables and advances	-	2.74
Depreciation and amortization	228.55	329.49
Share options outstanding account	10.57	-
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets :-		
Trade receivables and other assets	(9.88)	45.80
Inventories	(527.50)	220.11
Loans (Current)	(8.65)	(6.41)
Loans (Non-current)	0.02	0.15
Other assets (Current)	(56.07)	26.26
Other assets (Non-current)	(5.56)	10.90
Other financial assets (Current)	8.24	47.04
Other financial assets (Non-current)	(7.11)	10.19
Adjustments for increase / (decrease) in operating liabilities :-		
Trade payables and other liabilities	26.80	35.00
Provisions (Non-Current)	(1.86)	2.97
Provisions (Current)	0.54	(0.92)
Others financial liabilities (Current)	(2.40)	7.71
Others financial liabilities (Non-Current)	0.16	0.30
Other liabilities (Non-current)	(1.13)	(0.54)
Other liabilities (Current)	(31.07)	13.12
Cash generated from operations	**282.12**	**1,593.54**
Income taxes paid	(192.93)	(304.62)
Net cash generated by operating activities	**89.19**	**1,288.92**

Cash Flow Statement for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(879.24)	(918.42)
Proceeds from sale of Investments	1,028.38	807.16
Interest received	25.02	51.89
Payment for purchase of property, plant and equipment, capital work in progress and other intangible assets	(363.10)	(291.03)
Proceeds from disposal of property, plant and equipment	9.68	83.19
Dividend on subsidaries, associates and other investments	19.98	15.41
Net cash used in investing activities	**(159.28)**	**(251.80)**
C CASH FLOW FROM FINANCING ACTIVITIES*		
Proceeds/ (Repayment) from equity share capital	5.55	(705.45)
Proceeds from sale of treasury shares	182.23	-
Proceeds from borrowings (non-current)	333.80	-
Repayment of borrowings (non-current)	-	(436.44)
Repayment of borrowings (current) (net)	(249.55)	-
Proceeds from borrowings (current) (net)	-	38.24
Corporate dividend tax paid	(15.79)	-
Dividends on equity share capital paid	(83.03)	(1.05)
Capital Subsidy received	4.45	3.35
Finance costs paid	(80.59)	(111.24)
Net cash (used)/generated in financing activities	**97.07**	**(1,212.59)**
Net increase / (decrease) in cash and cash equivalents	**26.98**	**(175.47)**
Cash and cash equivalents at the beginning of the year	38.22	213.69
Cash and cash equivalents at the end of the year	**65.20**	**38.22**

* There are no non cash changes arising from financing activities

See accompanying notes to the standalone financial statements 1 - 48

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Joint Managing Director
DIN:00746471

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

Place : Ludhiana
Date: May 12, 2018

Place : Ludhiana
Date: May 12, 2018

Statement of Changes in Equity for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

a. Equity share capital

	Amount
Balance as at 1st April, 2016	62.05
Buyback of shares (including of 1,36,539 nos. of shares held through trust. Also refer note 16)	(6.12)
Balance as at 31st March, 2017	**55.93**
Sale of own shares held through trust (Refer note 40)	1.46
Issue of equity shares under employee stock option plan (Refer note 45)	0.04
Balance as at 31st March, 2018	**57.43**

b. Other equity

	Share application money pending allotment	Reserves and Surplus							Item of other comprehensive income	Total
		Capital reserve	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance at April 1, 2016	-	**1.24**	-	**209.91**	-	-	**1,863.02**	**1,552.78**	**0.93**	**3,627.88**
Profit for the year	-	-	-	-	-	-	-	1,001.59		1,001.59
Other comprehensive income for the year(net of income tax)	-	-	-	-	-	-	-	(0.34)	0.12	(0.22)
Total comprehensive income for the year	-	-	-	-	-	-	-	**1,001.25**	**0.12**	**1,001.37**
Tranfer to capital redemption reserve on account of buyback of equity shares	-	-	6.26	-	-	-	-	(6.26)	-	-
Premium on buyback of shares (net of ₹14.48 crore of premium relating to own shares held through trust)	-	-	-	(209.91)	-	-	(489.42)	-	-	(699.33)
Balance as at March 31, 2017		**1.24**	**6.26**	-	-	-	**1,373.60**	**2,547.77**	**1.05**	**3,929.92**
Profit for the year	-	-	-	-	-	-	-	545.76	-	545.76
Other comprehensive income for the year, (net of income tax)	-	-	-	-	-	-	-	1.64	0.06	1.70
Total comprehensive income for the year	-	-	-	-	-	-	-	**547.40**	**0.06**	**547.46**
Final Equity Dividend for the financial year 2016-17 (Amount ₹15 per share)	-	-	-	-	-	-	-	(86.09)	-	(86.09)
Tax on Dividend	-	-	-	-	-	-	-	(15.79)	-	(15.79)

Statement of Changes in Equity for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

a. Other Equity

	Share application money pending allotment	Reserves and Surplus							Item of other comprehensive income	Total
		Capital reserve	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Dividend on shares held through trust	-	-	-	-	-	-	-	2.19	-	2.19
Profit on sales of shares held through trust (Refer note 40)	-	-	-	-	-	-	-	180.81	-	180.81
Employee stock options accured upto March 2018 (Refer note 45)	-	-	-	-	-	12.07	-	-	-	12.07
Transfer to equity shares due to issue of employee stock options (Refer note 45)						(1.50)				(1.50)
Securities premium on shares under Employee stock options	-	-	-	4.91	-	-	-	-	-	4.91
Transfer to debenture redemption reserve on account of issue of debentures	-	-	-	-	17.81	-	-	(17.81)	-	-
Share Application Money received pending allotment under employee stock options.	0.55	-	-	-	-	-	-	-	-	0.55
Balance as at March 31, 2018	**0.55**	**1.24**	**6.26**	**4.91**	**17.81**	**10.57**	**1,373.60**	**3,158.48**	**1.11**	**4,574.53**

See accompanying notes to the standalone financial statements 1 - 48

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Joint Managing Director
DIN:00746471

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

Place : Ludhiana
Date: May 12, 2018

Place : Ludhiana
Date: May 12, 2018

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

1 General Information

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

The financial statements were approved for issue in accordance with a resolution of the directors on May 12, 2018

2 Significant accounting policies, significant accounting judgements, estimates and assumptions and applicablity of new and revsied Ind AS

2.1 Statement of compliance

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

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with effect from April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Amounts for year ended March 31, 2017 and amounts as at March 31, 2017 were audited by previous auditors – S.C. Vasudeva & Co.

2.2 Basis of preparation and presentation

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

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

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

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, rebates and other similar allowances.

2.3.1 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

a. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

b. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c. The amount of revenue can be measured reliably;

d. It is probable that the economic benefits associated with the transaction will flow to the Company; and

e. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3.2 Rendering of services

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

2.3.3 Dividend and interest income

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

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

2.3.4 Rental income

The Company's policy for recognition of revenue from operating leases is described below:-

2.3.4.1 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.3.4.2 The Company as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.3.4.3 The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent

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rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.4 Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.5 Borrowing costs

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

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

2.6 Foreign currencies

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

2.7 Employee benefits

2.7.1 Retirement benefit costs and termination benefits

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to

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the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

b. net interest expense or income; and

c. re-measurement

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

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

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

2.7.2 Short-term and other long-term employee benefits

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

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

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

2.8 Share-based payment arrangements

Share-based payment transactions of the Company

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

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

2.9 Taxation

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

2.9.1 Current tax

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

Current income tax assets/liabilities for current year is recognized at the amount expected to be paid to and/or recoverable from the tax authorities, using the tax rates that have been enacted or substantively enacted by the Balance Sheet March 31, 2018.

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2.9.2 Deferred tax

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

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

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

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

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

2.9.3 Current and deferred tax for the year

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

2.10 Property, plant and equipment

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

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

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

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

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

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

The estimated useful life of the assets have been assessed based on technical advice, taking into account

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the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc and are as under:

Buildings	3 - 60 years
Plant and Equipment	1 - 40 years
Furniture and Fixtures & Office Equipment	1- 10 years
Vehicles	1 - 10 years

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

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

2.11 Intangible assets

2.11.1 Intangible assets acquired separately

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

2.11.2 De-recognition of intangible assets

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

2.11.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer softwares	6 years
Contribution to Common Effluent Treatment Plant (CETP)	5 years
Right to use power lines	5 Years

2.12 Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

2.13 Inventories

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

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

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

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

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

In case of by-products at estimated realizable value

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

2.14 Provisions and contingent liablities

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

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

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

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

2.15 Financial instruments

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

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

2.15.1 Financial assets

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

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

2.15.1.1 Classification of financial assets

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

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

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

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

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

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

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

2.15.1.2 Effective interest method

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

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

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

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

A financial asset is held for trading if:

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

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

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

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

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

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

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

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has designated debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow

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to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.15.1.5 Impairment of financial assets

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

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

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

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

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

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

2.15.1.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If

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the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

2.15.1.7 Foreign exchange gains and losses

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

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

2.15.2 Financial liabilities

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

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

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

A financial liability is classified as held for trading if:

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

b. on initial recognition it is part of a portfolio of identified financial instruments that the Company

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manages together and has a recent actual pattern of short-term profit-taking; or

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

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

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

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

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

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

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.15.2.2 Financial liabilities subsequently measured at amortised cost

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

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

2.15.2.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial

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difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.15.3 Derivative financial instruments

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

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

2.15.4 Equity instrument

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

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

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

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

2.16 Earnings per share

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

2.17 Significant accounting judgements, estimates and assumptions

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

2.17.1 Key sources of uncertainty

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

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

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

2.17.1.1 Defined benefit plans

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

2.17.1.2 Useful lives of depreciable tangible assets and intangible assets

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

As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company.

During the financial year, the directors determined that the useful lives of certain items of plant and equipment should be different. Based on technical evaluation and market consideration, the Company has, with effect from April 1, 2017, revised the estimated useful of life of general plant and machinery from 7.5 years to 10 years.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is decrease in the depreciation expense in the current financial year by ₹101.28 crore.

2.17.1.3 Fair Value measurements and valuation processes

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

the qualified external valuers to establish appropriate valuation techniques and inputs to the model.

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

2.17.1.4 Contingent Liability

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

2.18 Applicablity of new and revised IND AS

Ministry of Corporate affairs has notified Ind AS 115 'Revenue from Contracts with customers', which is effective from April 1, 2018. The new standard outlines a single comprehensive control-based model for revenue recognition and supersedes current revenue recognition guidance based on risks or rewards. The Company is evaluating the requirements of Ind AS 115 and its effect of the financial statements.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018.

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

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

	As at March 31, 2018	As at March 31, 2017
Carrying amount of		
Freehold land	91.55	86.39
Buildings	709.10	732.57
Plant and equipment	1,667.97	1,594.74
Furniture and fixtures	7.50	8.32
Vehicles	7.46	9.88
Office equipment	19.46	19.51
Total Property, plant and equipment	**2,503.04**	**2,451.41**
Capital work-in-progress	105.08	48.54
	2,608.12	**2,499.95**

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Gross carrying value							
Balance as at April 1, 2016	65.59	729.49	2,014.13	9.34	10.77	17.56	**2,846.88**
Addition	21.69	64.18	202.44	0.48	2.83	18.12	**309.74**
Disposal	(0.89)	(6.64)	(11.86)	(0.05)	(0.68)	(0.12)	**(20.24)**
Balance at March 31, 2017	**86.39**	**787.03**	**2,204.71**	**9.77**	**12.92**	**35.56**	**3,136.38**
Addition	5.16	8.85	262.01	0.67	1.62	5.92	**284.23**
Disposal	-	(4.03)	(54.59)	(0.04)	(3.45)	(0.93)	**(63.04)**
Balance at March 31, 2018	**91.55**	**791.85**	**2,412.13**	**10.40**	**11.09**	**40.55**	**3,357.57**
Accumulated depreciation							
Balance as at April 1, 2016	-	26.22	323.83	1.71	1.55	4.53	**357.84**
Depreciation	-	28.82	287.70	1.43	1.76	5.15	**324.86**
Disposal/Adjustment	-	(0.58)	(1.56)	(1.69)	(0.27)	6.37	**2.27**
Balance at March 31, 2017	**-**	**54.46**	**609.97**	**1.45**	**3.04**	**16.05**	**684.97**
Depreciation	-	29.49	185.81	1.49	1.57	5.91	**224.27**
Disposal	-	(1.20)	(51.62)	(0.04)	(0.98)	(0.88)	**(54.73)**
Balance at March 31, 2018	**-**	**82.75**	**744.16**	**2.90**	**3.63**	**21.09**	**854.63**
Carrying amount							
Balance as at April 1, 2016	65.59	703.27	1,690.30	7.63	9.22	13.03	**2,489.04**
Addition	21.69	64.18	202.44	0.48	2.83	18.12	**309.74**
Disposal/ Adjustment	(0.89)	(6.06)	(10.30)	1.64	(0.41)	(6.49)	**(22.51)**
Depreciation	-	(28.82)	(287.70)	(1.43)	(1.76)	(5.15)	**(324.86)**
Balance at March 31, 2017	**86.39**	**732.57**	**1,594.74**	**8.32**	**9.88**	**19.51**	**2,451.41**
Addition	5.16	8.85	262.01	0.67	1.62	5.92	**284.23**
Disposal	-	(2.83)	(2.97)	-	(2.47)	(0.06)	**(8.33)**
Depreciation	-	(29.49)	(185.81)	(1.49)	(1.57)	(5.91)	**(224.27)**
Balance at March 31, 2018	**91.55**	**709.10**	**1,667.97**	**7.50**	**7.46**	**19.46**	**2,503.04**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

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

Notes on property, plant and equipment

1. Freehold land includes ₹4.38 crore (March 31, 2017 Nil) for the cost of land for which title deeds are yet to be executed in favor of the Company, though the possession thereof has been taken by the Company.

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

3. During the financial year 2017-18, the management had reviewed the useful life of general plant and machinery and had re-estimated that useful life of such plant and machinery should be 10 years instead of 7.5 years. Accordingly,the necessary accounting changes have been done prospectively w.e.f April 1, 2017 as per Ind AS 8 and Ind AS 16.The depreciation expense charged for the year ended March 31, 2018 would have been higher by ₹101.28 crore had the Company continued with previously estimated useful life for general plant and machinery.

4. Buildings includes ₹2.48 crore (March 31, 2017: ₹2.48 crore) cost of residential flats at Mandideep, the land cost of which has not been excluded from this cost. The depreciation for the year has been taken on the entire cost.

3B Intangible assets

	As at March 31, 2018	As at March 31, 2017
Carrying amount of		
Computer softwares	3.73	5.17
Contribution to CETP	-	0.14
Right to use power lines	-	1.43
	3.73	**6.74**

	Computer softwares	Contribution to CETP	Right to use power lines	Total
Gross carrying value				
Balance as at April 1, 2016	18.32	0.64	18.13	**37.09**
Addition	0.65	-	-	**0.65**
Disposal	(1.04)	-	-	**(1.04)**
Balance as at March 31, 2017	**17.93**	**0.64**	**18.13**	**36.70**
Addition	1.27	-	-	**1.27**
Balance as at March 31, 2018	**19.20**	**0.64**	**18.13**	**37.97**
Accumulated amortisation				
Balance as at April 1, 2016	10.42	0.46	15.13	**26.01**
Amortisation expenses	3.02	0.04	1.57	**4.63**
Disposal	(0.68)	-	-	**(0.68)**
Balance as at March 31, 2017	**12.76**	**0.50**	**16.70**	**29.96**
Amortisation expenses	2.71	0.14	1.43	**4.28**
Balance as at March 31, 2018	**15.47**	**0.64**	**18.13**	**34.24**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

3B Intangible assets (contd..)

	Computer softwares	Contribution to CETP	Right to use power lines	Total
Carrying amount				
Balance as at April 1, 2016	7.90	0.18	3.00	**11.08**
Addition	0.65	-	-	**0.65**
Disposal	(0.36)	-	-	**(0.36)**
Amortisation expenses	(3.02)	(0.04)	(1.57)	**(4.63)**
Balance as at March 31, 2017	**5.17**	**0.14**	**1.43**	**6.74**
Addition	1.27	-	-	**1.27**
Amortisation expenses	(2.71)	(0.14)	(1.43)	**(4.28)**
Balance as at March 31, 2018	**3.73**	**-**	**-**	**3.73**

Note: These intangible assets are not internally generated

4 **Investments (Non Current)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Break up of investments in subsidiaries, associates and joint venture		
I TRADE INVESTMENTS (at cost/carrying value)		
Financial assets carried at cost		
a. Investment in equity instruments		
(i) Investment in subsidiaries (quoted)		
5,68,51,144 (March 31, 2017: 5,68,51,144) Equity shares of ₹10/- each fully paid up of Vardhman Acrylics Limited	53.15	53.15
(ii) Investment in subsidiaries (unquoted)		
$$ 2,07,00,060 (March 31, 2017: 1,85,15,060) Equity shares of ₹10/- each fully paid up of VMT Spinning Company Limited	39.62	28.56
40,00,000 (March 31, 2017: 40,00,000) Equity shares of ₹10/- each fully paid up of VTL Investments Limited	4.04	4.04
(iii) Investment in Joint Ventures/ associates		
Quoted		
^ 97,08,333 (March 31, 2017: 58,25,000) Equity shares of ₹10/- each fully paid up of Vardhman Special Steels Limited	25.24	5.83
Unquoted		
$ 62,69,699 (March 31, 2017: 62,69,699) Equity shares of ₹10/- each fully paid up of Vardhman Yarns & Threads Limited (Refer Note 48.5)	27.50	27.50
71,40,000 (March 31, 2017: 71,40,000) Equity shares of ₹10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited	7.14	7.14
25,000 (March 31, 2017 : 25,000) Equity shares of ₹10/- each fully paid-up of Vardhman Spinning and General Mills Limited	0.03	0.03

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

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

Particulars	As at March 31, 2018	As at March 31, 2017
b. Investment in preference instruments (unquoted)		
(i) Investment in joint ventures		
1,00,00,000 (March 31, 2017: 1,00,00,000) 10% non-cumulative convertible preference shares of ₹10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited	10.00	10.00
Financial assets measured at fair value through other comprehensive income		
(i) Investment in equity instruments (unquoted)		
41,000 (March 31, 2017: 41,000) Equity-Shares of ₹10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)	0.07	0.06
1,40,625 (March 31, 2017: 1,40,625) Equity shares of ₹10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited	1.65	1.61
2,225 (March 31, 2017: 2,225) Equity shares of ₹10/- each fully paid-up of Devakar Investment & Trading Company Private Limited	0.16	0.12
II Other Investments:-		
Financial assets measured at fair value through Profit and loss		
(i) Investment in Bonds/ Preference shares/ Debentures (quoted)		
6660 (March 2017 31, :6,660) 17.38% Non-convertible redeemable cumulative preference shares of ₹7500/- each fully paid of IL&FS Financial Services Limited	11.19	11.24
10,000 (March 31, 2017:10,000) 16.46% Non-convertible redeemable cumulative preference shares of ₹7500/- each fully paid of IL&FS Financial Services Limited	16.60	15.66
*NIL (March 31, 2017: 2,500) Principal protected market linked redeemable non-convertible debentures of ₹1,00,000/- each of ECL Finance Limited	-	25.00
*NIL (March 31, 2017:1,500) Principal protected market linked redeemable non-convertible debentures of ₹1,00,000/- each of IIFL Wealth Finance Limited	-	16.06
*NIL (March 31, 2017: 2,000) Principal protected market linked redeemable non-convertible debentures of ₹1,00,000/- each of IIFL Wealth Finance Limited	-	21.34
100 (March 31, 2017: 100)Principal protected market linked redeemable non convertible debentures of ₹1,000,000/- each of Aspire home Finance ltd	11.68	10.63
Unquoted		
12,50,000 (31st March 2017: Nil) 8.2% cumulative compulsarily convertible preference shares of ₹100 each Tata motor Finance Limited	26.99	-

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

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

Particulars	As at March 31, 2018	As at March 31, 2017
(ii) Investment in mutual funds (Quoted)		
*NIL (March 31, 2017:2,00,00,000) units of ₹10/- each of Reliance fixed horizon fund- XXIX-series 1- Direct Growth Plan	-	23.11
*NIL(March 31, 2017:3,00,00,000) units of ₹10/- each of Reliance fixed horizon fund- XXIX-SERIES 2- Direct Growth Plan	-	34.54
*NIL (March 31, 2017:5,00,00,000) units of ₹10/- each of Kotak FMP Series 178 Direct Growth	-	57.46
5,00,00,000 (March 31, 2017 :NIL) units of ₹10/- each of Kotak FMP Series 216 Direct Growth	50.66	-
*NIL (March 31, 2017:5,00,00,000) units of ₹10/- each of Birla Sunlife Fixed Term Plan Series MX (1128 Days)	-	57.15
4,00,00,000 (March 31, 2017:NIL) units of ₹10/- each of Birla Sunlife Fixed Term Plan Series MX (1140 Days)	40.35	-
2,50,00,000 (March 31, 2017:2,50,00,000) units of ₹10/- each of Birla Sunlife Fixed Term Plan Series -Growth-Direct (1135 Days)	26.78	25.07
*NIL (March 31, 2017:5,00,00,000) units of ₹10/- each of ICICI Prudential FMP Series 77-1129 Days Plan W Direct Plan Cumulative	-	56.58
* NIL(March 31, 2017: 5,00,08,075.344) units of ₹10/- each of Reliance Fixed Horizon Fund-XXIX- Series 8 Direct Growth Plan	-	57.18
* NIL(March 31, 2017:2,20,00,000) units of ₹10/- each of UTI Fixed Term Income Fund Series XXIII-II (1100 Days) Direct Growth Plan	-	25.10
* NIL (March 31, 2017:1,30,00,000)units of ₹10/- each of Kotak FMP Series 180-1099 Days	-	14.72
1,00,00,000 (March 31, 2017:1,00,00,000)units of ₹10/- each of UTI Fixed Term Income Fund Series XXIII-VII (1098 Days) Direct Growth Plan	12.09	11.28
3,00,00,000 (March 31, 2017:3,00,00,000) units of ₹10/- each of Kotak FMP Series 191 Direct Growth	35.29	32.94
1,00,00,000 (March 31, 2017:1,00,00,000) units of ₹10/- each of ICICI Prudential FMP Series 78-1115 Days Plan X Direct Plan Cumulative	11.75	10.96
2,50,00,000(March 31, 2017:2,50,00,000) units of ₹10/- each of HDFC FMP 1114 Days Direct Growth	29.44	27.50
2,50,00,000(March 31, 2017: NIL) units of ₹10/- each of HDFC FMP 1115 Days Direct Growth	25.32	-
2,50,00,000 (March 31, 2017:2,50,00,000) units of ₹10/- each of SBI Debt Fund Series- B -36(1131 Days)- Direct Growth	29.21	27.32
2,50,00,000 (March 31, 2017:2,50,00,000) units of ₹10/- each of SBI debt Fund Series - Direct - (1170 Day)Growth	26.83	25.17
1,50,00,000 (March 31, 2017: 1,50,00,000) units of ₹10/- each of UTI Fixed Term Income Fund Series XXIV-XIV (1831 Days)Direct Growth Plan	17.47	16.35

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

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

Particulars	As at March 31, 2018	As at March 31, 2017
2,50,00,000 (March 31, 2017: 2,50,00,000) units of ₹10/- each of UTI Fixed Term Income Fund Series XXV-11 (1097 Days)Direct Growth Plan	28.40	26.44
3,50,00,000 (March 31, 2017: 3,50,00,000) units of ₹10/- each of Kotak FMP Series 202 Direct - Growth	37.43	35.07
*NIL(March 31, 2017: 5,00,00,000) units of ₹10/- each of SBI Debt Fund Series-B (1105 DAYS) Direct Plan Growth FMP	-	59.16
* NIL(March 31, 2017: 3,00,00,000) units of ₹10/- each of ICICI Prudential FMP Series 76-1108 Days Plan V Direct Plan Cumulative	-	35.61
5,00,00,000 (March 31, 2017: NIL)units of ₹10/- each of SBI Debt Fund Series C10 (1150 DAYS) Direct Plan Growth FMP	50.59	-
25,000,000 (March 31, 2017: 25,000,000) units of ₹10/- each of ICICI Prudential FMP Series 80-1233 Days Plan O Direct Plan Cumulative	26.87	25.17
25,000,000 (March 31, 2017: 2,50,00,000) units of ₹10/- each of Reliance Fixed Horizon Fund- XXXIII- Series 3- Direct Plan Growth Plan	26.90	25.19
2,50,00,000 (March 31, 2017: 2,50,00,000 0) units of ₹10/- each of Reliance Fixed Horizon Fund- XXXIIV- Series 4- Direct Plan Growth Plan	26.87	25.15
50,000,000 (March 31, 2017 : NIL) units of ₹10/- each of ICICI Fixed Maturity Plan Series 82-1203	50.65	-
	787.96	**972.19**
1. Aggregate book value of quoted investments	670.76	893.14
2. Aggregate Market Value of quoted investments	1,001.97	1,202.81
3. Aggregate carrying value of unquoted investments	117.20	79.05

* Investments having maturity period of less than 12 months from March 31, 2018 i.e. the balance sheet date have been reclassified as ' Current Investment' during the year.

$ For change in the Company's ownership interest in Vardhman Yarns and Threads Limited refer note no.48.5

$$ For change in Company's ownership interest in VMT Spinning Company Limited

During the financial year 2017-2018, the Company has acquired remaining 10.56 % equity shares of VMT Spinning Company Limited (VMT) from Marubeni Corporation, Japan (13,80,000 shares consisting of 6.67% share) & Marubeni Hong Kong and south china limited (8,05,000 shares consisting of 3.89% share) for ₹11.05 crore. Accordingly VMT, has become a wholly owned subsidiary of the Company.

^ For change in Company's ownership interest in Vardhman Special Steels Limited

During the financial year 2017-18 the Company has subscribed to 38,83,333 equity shares of Vardhman Special Steels Limited offered through Right Issue at a price of ₹50 per share amounting to ₹19.41 crore.

**Refer Note 37

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

5 Loans (Non Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortized cost		
Loan to employees	0.59	0.61
	0.59	**0.61**

6 *Other financial assets (Non Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortized cost		
Fixed Deposits with banks more than twelve months maturity	1.53	1.63
Interest Receivable	0.23	0.11
Other Recoverable	7.21	-
	8.97	**1.74**

*Refer Note 37

7 Other non current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Non Financial Assets at amortized cost		
(unsecured considered good)		
Capital advances	37.07	23.33
Balance with government authorities	12.82	13.98
Security deposits	27.47	20.94
Unamortised Lease hold land prepayment	7.22	7.31
Prepaid (Deferred) Expense for employee benefit	0.08	0.05
Prepaid expenses-others	0.60	0.43
	85.26	**66.04**

8 Inventories

Particulars	As at March 31, 2018	As at March 31, 2017
(at cost or net realisable value, whichever is lower)		
Raw materials*	1,340.40	875.56
Work-in-progress	142.43	137.69
Finished Goods	489.98	446.71
Stores and Spares*	143.70	129.04
	2,116.51	**1,589.00**

*above items include goods in transit as per below

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

8 Inventories (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials	7.13	55.28
Stores and Spares	10.95	14.69
	18.08	**69.97**

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹3,180.52 crore (March 31, 2017: ₹2,836.69 crore)

(ii) The cost of inventory recognised as an expenses includes ₹ NIL crore (March 31, 2017 ₹ NIL crore) in respect of write down of inventory to net realisable value.

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

(iv) The method of valuation of inventories has been stated in note 2.13.

9 **Other investments (Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets measured at fair value through Profit and loss		
(i) Investment in Liquid Funds (Quoted)		
*NIL (March 31, 2017: 6492.73) units of 1,000/- each of	-	0.65
Baroda pioneer liquid fund plan a ddr		
NIL (March 31, 2017:26,700.657) units of ₹1,000/- each of Boi Axa Liquid Fund -Direct Plan-Growth (scheme code Lfdgg)	-	5.00
NIL (March 31, 2017: 5,17,523.56) units of ₹100/- each of Birla sun life cash plus-direct-growth	-	13.52
*NIL (March 31, 2017: 0.18) units of ₹1,000/- each of Hdfc cash management funds-savings plan direct-growth	-	-
(ii) Investment in Debt Funds/ Monthly Income Plans/Debentures/Bonds (Quoted)		
1,27,19,456 (March 31, 2017 : NIL) units of ₹10/- each of ICICI corporate Bond Direct Growth	35.98	-
4,00,00,000 (March 31, 2017: 4,00,00,000) units of ₹10/- each of Kotak FMP Series 200 Direct - Growth	42.97	40.25
2,48,58,660.76(March 31, 2017:Nil) units of ₹10/- each of Reliance Corporate Bond fund Direct Plan Growth	35.99	-
2,17,37,240 (March 31, 2017 : NIL) units of ₹10/- each of L&T Short Term Income Fund	41.24	-
NIL (March 31, 2017:1,00,00,000) units of ₹10/- each of SBI debt Fund Series - (400 Day)Regular -Growth	-	12.70

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

9 **Other investments (Current) (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
NIL (March 31, 2017:1,50,00,000) units of ₹10/- each of SBI debt Fund Series - Direct - (400 Day)Growth	-	19.31
NIL (March 31, 2017: 2,50,00,000)units of ₹10/- each of SBI debt Fund Series -Direct -(380 Day)Growth	-	32.04
NIL (March 31, 2017: 2,54,82,906) units of ₹10/- each of ICICI Prudential FMP Series 73-390 D Plan I Direct Plan Cumulative	-	32.82
NIL (March 31, 2017:2,50,00,000) units of ₹10/- each of Dsp Blackrock FMP-12.5M	-	32.18
NIL (March 31, 2017: 2,50,00,000) units of ₹10/- each of Kotak FMP Series 149 Direct - Growth	-	31.99
83,58,827.758 (March 31, 2017: 83,58,827.758) units of ₹10/- each of Kotak Bond (short Term) -Direct Plan Growth	28.14	26.45
NIL (March 31, 2017:2,50,00,000) units of ₹10/- each of Reliance Fixed Horizon Fund XXVI Series 2 Direct Growth Plan	-	32.21
NIL (March 31, 2017: 2,00,00,000) units of ₹10/- each of Reliance Fixed Horizon Fund- XXV- Series 33- Direct Plan Growth Plan	-	25.71
NIL (March 31, 2017: 83,48,611.292) units of ₹10/- each of Reliance short Term Fund - Direct Growth Plan Growth Option	-	26.38
NIL (March 31, 2017: 2,50,00,000) units of ₹10/- each of BSL Fixed Term Plan -Series KR - Growth Direct	-	32.21
12,49,786.287 (March 31, 2017:12,49,786.287) units of ₹10/- each of Birla Sun life Treasury Optimizer Plan-Growth-Direct Plan	28.05	26.29
NIL (March 31, 2017:95,359.82) units of ₹10/- each of Birla Sun life Floating Rate- Short Term -Growth-Direct Plan	-	2.07
2,43,36,821.61 (March 31, 2017: 2,43,36,821.61) units of ₹10/- each of Idfc Corporate Bond Fund -Direct Plan -Growth Option	29.11	27.30
NIL (March 31, 2017: 3,00,00,000) units of ₹10/- each of UTI Fixed Term Income Fund Series XVIII-I Direct Growth Plan	-	38.54
NIL (March 31, 2017:1,500)Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of ECL Finance limited	-	15.00
NIL (March 31, 2017:1,000) Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of ECL Finance limited	-	11.11
NIL (March 31, 2017:996)Secured redeemable Non convertible Principal protected market linked debentures of ₹1,00,000/- each of Reliance Capital Ltd	-	9.89
NIL (March 31, 2017:1,500)Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of IIFL wealth Finance limited	-	15.90
*NIL (March 31, 2017:100)Bonds of ₹1,000,000/- each of 7.17% NHAI	-	10.14

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

9 **Other investments (Current) (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
*NIL (March 31, 2017:81)Bonds of ₹1,000,000/- each of 7.18% NABARD	-	8.13
*NIL (March 31, 2017:5)Bonds of ₹1,000,000/- each of 7.47% PFC	-	0.52
*NIL (March 31, 2017:7)Bonds of ₹1,000,000/- each of 7.50% PFC	-	0.73
*NIL (March 31, 2017:43)Bonds of ₹1,000,000/- each of 7.60% Axis Bank	-	4.40
*NIL (March 31, 2017:50)Bonds of ₹1,000,000/- each of 7.60% ICICI	-	5.15
*NIL (March 31, 2017: 71)Bonds of ₹1,000,000/- each of 7.63% PFC	-	7.44
*NIL (March 31, 2017:50)Bonds of ₹1,000,000/- each of 7.95% HDFC Bank	-	5.26
*NIL (March 31, 2017:66)Bonds of ₹1,000,000/- each of 8.22% Daimler financial SR-4	-	6.67
*NIL (March 31, 2017:5)Bonds of ₹1,000,000/- each of 8.38% LIC Housing finance	-	0.52
*NIL (March 31, 2017:100)Bonds of ₹1,000,000/- each of 8.48% LIC Housing finance	-	10.99
NIL (March 31, 2017:60) Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,000,000/- each of Indiabulls housing finance	-	6.04
NIL (March 31, 2017: 45,840.730) units of ₹1,000/- each of Reliance Money Manager Fund - Growth	-	10.28
*NIL (March 31, 2017:1,000,000)Bonds of ₹100/- each of Karnataka State development loan	-	10.25
*NIL (March 31, 2017:1,000,000)Bonds of ₹100/- each of Maharashtra State development loan	-	10.18
*500,000 (March 31, 2017: 1,000,000)Bonds of ₹100/- each of 7.77 Kerala State development loan	4.96	10.10
*NIL (March 31, 2017: 5,00,000)Bonds of ₹100/- each of State development loan	-	5.11
*7837.31 (March 31, 2017: NIL) Aditya Birla sun life floating rate fund of ₹100 each	0.18	-
*NIL (March 31, 2017:5,00,000)Bonds of ₹100/- each of 7.64 Haryana State development loan	-	5.02
#2,500 (March 31, 2017:NIL)Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of ECL Finance limited	30.25	-
#1,500 (March 31, 2017:NIL)Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of IIFL wealth Finance limited	17.36	-
#2,000 (March 31, 2017:Nil)Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of IIFL wealth Finance limited	23.38	-
#2,00,00,000 (March 31, 2017:Nil) units of ₹10/- each of Reliance fixed horizon fund- XXIX-SERIES 1- Direct growth plan	24.81	-

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

9 **Other investments (Current) (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
#3,00,00,000 (March 31, 2017:Nil) units of ₹10/- each of Reliance fixed horizon fund- XXIX-SERIES 2- Direct growth plan	37.07	-
#5,00,00,000 (March 31, 2017:Nil) units of ₹10/- each of Kotak FMP Series 178 Direct Growth	61.86	-
#5,00,00,000 (March 31, 2017:Nil) units of ₹10/- each of Birla Sunlife Fixed Term Plan Series MX (1128 Days)	61.19	-
#5,00,00,000 (March 31, 2017:Nil) units of ₹10/- each of ICICI Prudential FMP Series 77-1129 Days Plan W Direct Plan Cumulative	61.03	-
#5,00,08,075.344 (March 31, 2017: Nil) units of ₹10/- each of Reliance Fixed Horizon Fund-XXIX- Series 8 Direct Growth Plan	61.34	-
#2,20,00,000 (March 31, 2017:Nil) units of ₹10/- each of UTI Fixed Term Income Fund Series XXIII-II (1100 Days) Direct Growth Plan	27.01	-
#1,30,00,000 (March 31, 2017:Nil)units of ₹10/- each of Kotak FMP Series 180-1099 Days	15.81	-
#5,00,00,000 (March 31, 2017: Nil) units of ₹10/- each of SBI Debt Fund Series-B (1105 DAYS) Direct Plan Growth FMP*	63.42	-
#3,00,00,000 (March 31, 2017: Nil) units of ₹10/- each of ICICI Prudential FMP Series 76-1108 Days Plan V Direct Plan Cumulative	38.08	-
(iii) Investment in preference shares (unquoted)		
10,00,000 (March 31, 2017: 10,00,000) 3% cumulative compulsorily convertible Preference Shares of ₹100/- each of TATA Motors Finance Ltd.	11.60	10.00
(iv) Investment in equity share (quoted)		
75,400 (March 31, 2017 :1,50,800) Equity Shares of ₹10 /-each fully paid up of Hindustan Petroleum Corporation Ltd.	2.60	7.93
NIL (March 31, 2017 :8,06,000) Equity shares of ₹10 /- each fully paid up of Rural Electrification Corporation Limited	-	14.59
13,04,645 (March 31, 2017 :13,04,645) Equity shares of ₹1 /- each fully paid up of Welspun India Limited	7.57	11.42
26,000 (March 31, 2017 :26,000) Equity shares of ₹10 /-each fully paid up of Trident Limited	0.15	0.21
1,46,000 (31st March 2017: NIL) equity shares of ₹10 each fully paid of Reliance Industries Limited	12.89	-
	804.04	**670.60**
1. Aggregate amount of quoted investments	792.44	660.60
2. Aggregate market value of quoted investments	792.44	660.60
3. Aggregate amount of uquoted investment	11.60	10.00

* These Investments are made through portfolio management services

Investments having maturity period of less than 12 months from 31st March 2018 i.e. the balance sheet date have been reclassified as ' Current investment' during the year.

** Refer note 37

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

10 *Trade receivables

Particulars	As at March 31, 2018	As at March 31, 2017
Receivable from related parties (Refer Note 46)		
- Unsecured, considered good	6.68	2.13
Receivable from others		
- Unsecured, considered good	720.64	715.78
- Doubtful	4.97	4.97
Less: Allowances for doubtful trade receivables	(4.97)	(4.97)
	727.32	**717.91**

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

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

The Group follows simplified approach for recognition of impairment loss allowance on trade recievables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition. The expected credit loss allowance is based on the ageing of the days the receivable are dues and rates as given in the provision matrix. The provision matrix at the end of reporting period is as follows:-

Particulars	Expected Credit Loss	
	As at March 31, 2018	As at March 31, 2017
(i) Ageing		
Less than 180 days	-	-
More than 180 days	4.97	4.97
	4.97	**4.97**
(ii) Age of Receivables:		
Less than 180 days	718.98	709.10
More than 180 days	8.34	8.81
	727.32	**717.91**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

10 *Trade receivables (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
Movement in expected credit loss allowance		
Balance at the beginning of the year	4.97	2.03
Movement in expected credit loss allowance	-	2.94
Balance at the end of the year	**4.97**	**4.97**

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

* Refer note 37

11 Cash and cash equivalents#

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

Particulars	As at March 31, 2018	As at March 31, 2017
a) Balances with banks		
- In current accounts	62.86	27.96
- In deposit accounts with maturity upto three months	0.01	9.80
b) Cheques on hand	2.20	0.19
c) Cash on hand	0.13	0.27
	65.20	**38.22**

#Refer note 37

11A Bank balances other than cash and cash equivalents#

Particulars	As at March 31, 2018	As at March 31, 2017
a) Other bank balances		
- Earmarked balances with banks*	2.78	1.91
- Deposits with more than twelve months maturity	1.53	1.63
- Deposits with more than three months but less than twelve months maturity	0.33	0.34
	4.64	**3.88**
Less: Amounts disclosed as other financial non current assets (Refer note 6)	1.53	1.63
	3.11	**2.25**

* Earmarked balances with banks includes ₹2.76 crore (March 31, 2017: ₹1.90 crore) pertaining to dividend accounts with banks and ₹0.02 crore (March 31, 2017:₹0.01 crore) pledged with government authorities and others.

Refer note 37

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

12 Loans (Current)#

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortized cost		
Loans to related parties (Refer note 46)		
(Unsecured and considered good)		
- Subsidiary companies	15.50	7.00
- Others	26.99	26.99
Loan to employees	2.72	2.57
	45.21	**36.56**

Refer note 37

13 Other financial assets (Current)**

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortized cost		
Recoverable from related parties (Refer Note 46)	0.03	0.03
Interest receivable	1.03	8.41
Claims receivable	0.19	0.69
Other Recoverable	20.77	13.28
Financial assets at Fair value through Profit and loss		
Derivative Financial Instruments*	1.97	18.06
	23.99	**40.47**

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

** Refer note 37

These derivative financial instruments are not designated as FVTOCI hedging instruments as they do not meet the required criteria.

14 Current tax

Particulars	As at March 31, 2018	As at March 31, 2017
Current tax assets (net)		
Taxes paid (net)	99.07	45.14
Current tax liabilities (net)		
Income-tax payable (net)	9.45	-

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

15 Other current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Amount recoverable from Mahavir Share Trust in respect of shares held in Trust (Refer note 40)	4.65	3.60
Advances to suppliers	77.86	96.85
Unamortised Lease hold land prepayments	0.08	0.08
Balance with government authorities	194.55	62.75
Prepaid (Deferred) Expense for employee benefit	0.10	0.11
Prepaid expenses others	4.67	4.69
MAT Credit Recoverable	-	10.30
Other recoverables :		
- Considered good	34.97	92.73
- doubtful	0.03	0.03
Less: Allowances for doubtful other recoverables	(0.03)	(0.03)
	34.97	**92.73**
	316.88	**271.11**

16 Equity share capital

	As at March 31, 2018	As at March 31, 2017
Authorised share capital:		
9,00,00,000 equity shares of ₹10 each (March 31, 2017: 9,00,00,000 equity shares of ₹10 each)	90.00	90.00
1,00,00,000 redeemable cumulative preference shares of ₹10 each (March 31, 2017: 1,00,00,000 redeemable cumulative preference shares of ₹10 each)	10.00	10.00
	100.00	**100.00**
Issued, subscribed and fully paid up share capital comprises:		
5,74,33,460 equity shares of ₹10 each (March 31, 2017: 5,59,28,808 equity shares of ₹10 each)	57.43	55.93
	57.43	**55.93**

16.1 Rights, preference and restriction attached to equity shares

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

16 Equity share capital (contd..)

16.2 Rights, preference and restriction attached to preference shares

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

16.3 As at March 31, 2018, senior employees of the Company were offerred 6,14,000 options (option to vest equity shares as per employee stock options scheme 2016, for details refer note 45). The vesting for due options began from current financial year and 61,400 options/shares during the year. Out of these, 42,450 shares/options have been excercised. Share options granted under Company's employee share option plan carry right to dividend and voting rights at par with other equity holders.

16.4 Reconciliation of number of shares

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	57,391,010	57.39	63,651,879	63.65
Less:- Buyback of shares (including of 1,36,539 nos. of shares held through trust. Also refer note 16.7)	-	-	(6,260,869)	(6.26)
	57,391,010	**57.39**	**57,391,010**	**57.39**
Less:- Own shares held through trust	-	-	(1,462,202)	(1.46)
Add:- Issue of equity shares under employee stock option plan (Refer note 45)	42,450	0.04	-	-
Balance as at the end of the year	**57,433,460**	**57.43**	**55,928,808**	**55.93**

16.5 Details of shares held by the holding Company

There is no holding / ultimate Company of the Company

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

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% holding	Number of shares	% holding
Devakar Investment and Trading Company Private Limited	6,192,786	10.78%	6,192,786	10.79%
Adishwar Enterprises LLP	10,318,863	17.97%	11,413,130	19.89%
Vardhman Holdings Limited	15,314,517	26.66%	14,067,671	24.51%

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

16 Equity share capital (contd..)

16.7 The Board of Directors of the Company at its meeting held on September 24, 2016 approved the buyback of upto 62,60,869 fully paid up equity shares of ₹10 each, at a price not exceeding ₹1175/- payable in cash through the Tender Offer route, upto an aggregate amount not exceeding ₹720 crore from the open market through Stock Exchange(s). During the previous year, the Company had bought back and extinguished 62,60,869 equity shares of ₹10 each at price of ₹1150/-. Consequently, ₹6.26 crore were transferred to capital redemption reserve as per the requirements of Section 69 of the Companies Act, 2013.

17 Other equity

Particulars	As at March 31, 2018	As at March 31, 2017
Share application money pending allotment	0.55	-
Capital reserve	1.24	1.24
Capital redemption reserve	6.26	6.26
Security premium	4.91	-
Debenture redemption reserve	17.81	-
Share options outstanding account	10.57	-
General reserve	1,373.60	1,373.60
Retained earnings	3,158.48	2,547.77
Equity instrument through other comprehensive income	1.11	1.05
	4,574.53	**3,929.92**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

17 Other equity (contd..)

	Share application money pending allotment	Reserves and Surplus							Item of other comprehensive income	Total
		Capital reserve	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance at April 1, 2016	**-**	**1.24**	**-**	**209.91**	**-**	**-**	**1,863.02**	**1,552.78**	**0.93**	**3,627.88**
Profit for the year	-	-	-	-	-	-	-	1,001.59		1,001.59
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	(0.34)	0.12	(0.22)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,001.25**	**0.12**	**1,001.37**
Transfer to capital redemption reserve on account of buyback of equity shares	-	-	6.26	-	-	-	-	(6.26)	-	-
Premium on buyback of shares (net of ₹14.48 crore of premium relating to own shares held through trust)	-	-	-	(209.91)	-	-	(489.42)	-	-	(699.33)
Balance at March 31, 2017	**-**	**1.24**	**6.26**	**-**	**-**	**-**	**1,373.60**	**2,547.77**	**1.05**	**3,929.92**
Profit for the year	-	-	-	-	-	-	-	545.76	-	545.76
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	1.64	0.06	1.70
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**547.40**	**0.06**	**547.46**
Final Equity Dividend for the financial year 2016-17 (Amount ₹15 per share)	-	-	-	-	-	-	-	(86.09)	-	(86.09)
Tax on Dividend	-	-	-	-	-	-	-	(15.79)	-	(15.79)
Dividend on shares held through trust	-	-	-	-	-	-	-	2.19	-	2.19
Profit on sales of shares held through trust (Refer note 40)	-	-	-	-	-	-	-	180.81	-	180.81
Employee stock options accured upto March 2018 (Refer note 45)	-	-	-	-	-	12.07	-	-	-	12.07
Transfer to equity shares due to issue of employee stock options (Refer note 45)						(1.50)				(1.50)

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

17 Other equity (contd..)

	Share application money pending allotment	Reserves and Surplus							Item of other comprehensive income	Total
		Capital reserve	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Securities premium on shares under Employee stock options	-	-	-	4.91	-	-	-	-	-	4.91
Transfer to debenture redemption reserve on account of issue of debentures	-	-	-	-	17.81	-	-	(17.81)	-	-
Share Application Money received pending allotment under employee stock options.	0.55	-	-	-	-	-	-	-	-	0.55
Balance at March 31, 2018	**0.55**	**1.24**	**6.26**	**4.91**	**17.81**	**10.57**	**1,373.60**	**3,158.48**	**1.11**	**4,574.53**

a. Share application money pending allotment and share option outstanding account

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

b. Capital reserve

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

c. Capital redemption reserve

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

d. Securities premium

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

e. Debenture redemption reserve

The Company has issued non convertible debentures in Financial Year 2017-18 and as per the provisions of the Companies Act, 2013 , it is required to create debenture redemption reserve out of the profits available for payment of dividend.

Notes to Standalone Financial Statements

for the year ended March 31, 2018
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17 Other equity (contd..)

f. General reserve

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

g. Retained earnings

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

h. Equity instrument through other comprehensive income

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

18 Borrowings (Non Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured - at amortised cost		
Term loans		
From banks*	977.13	1,143.11
Less: Current maturities (refer note-25)	281.38	423.76
	695.75	**719.35**
Debentures		
Series A 7.59% 1500 Debentures of ₹10,00,000/-each	150.00	-
Series B 7.69% 1500 Debentures of ₹10,00,000/-each	150.00	-
Series C 7.75% 1998 Debentures of ₹10,00,000/-each	199.80	-
Total	**1,195.55**	**719.35**

* Net of unamortized processing charges: March 31, 2018: ₹1.84 crore (March 31, 2017 1.85 crore)

(a) Term loans from banks are secured by mortgage created or to be created on all the immovable assets of the Company, both present and future and hypothecation of all movable assets including inventories, trade receivables, movable machinery, machinery parts, tools and accessories and other movable both present and future, subject to charges created or to be created in favour of the bankers for securing the working capital limits. Refer Note 48.2.

(b) The Company has issued secured, rated listed Redeemable Non-convertible Debentures (NCDs) aggregating to ₹499.80 crore for cash at par on private placement basis on September 8, 2017. The NCDs are listed at the Bombay Stock Exchange of India (BSE) and comprise of three series repayable in third, fourth and fifth years and have an overall yield of 7.69% per annum. CRISIL has assigned a rating of AA+ with Stable outlook to the said NCDs of the Company on August 18, 2017. The NCDs shall be secured by way of a first pari passu charge over the immovable and movable fixed assets of the Company and it should have fixed asset cover of more than 105% of outstanding amount of NCDs.

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

18 Borrowings (Non Current) (contd..)

18 (d) Terms of repayment of loan/debentures

Loan Category	Frequency of principal repayments	Interest rate	Repayments during			
			FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-24**
Term loans	Quarterly Payments	*8.45% to 9.98%	281.38	298.45	57.43	339.87
7.59% Series A Non-convertible debentures	Yearly	7.59%	-	-	150.00	-
7.69% Series A Non-convertible debentures	Yearly	7.69%	-	-	-	150.00
7.75% Series A Non-convertible debentures	Yearly	7.75%	-	-	-	199.80
			281.38	**298.45**	**207.43**	**689.67**

* Also refer note 34

** From Financial year 2021 to financial year 2024.

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

19 Other financial liabilities (Non Current)*

Particulars	As at March 31, 2018	As at March 31, 2017
Financial liabilities at amortized cost		
Retention money	0.65	0.49
	0.65	**0.49**

* Refer note 37

20 Provisions (Non Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits :		
- Leave encashment (Refer note 47)	7.04	8.90
	7.04	**8.90**

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

21 Deferred tax liabilities (net)*

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting year	270.12	259.00
	270.12	**259.00**
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss		
in the current year but allowable for tax purposes on payment basis	24.31	20.59
MAT Credit Recoverable	10.21	-
	34.52	**20.59**
	235.60	**238.41**

22 Other non-current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Income for Capital subsidy	22.14	19.84
Due to employees	0.04	0.05
Other	-	1.12
Total	**22.18**	**21.01**

The deferred revenue arises as a result of the benefits received from state government on account of installation of specified project assets whereby such grant is treated as deferred income and is recognized as income over the useful life of the assets for which such grant is received.

23 Borrowings (Current)*

Particulars	As at March 31, 2018	As at March 31, 2017
Loans repayment on demand		
- From banks (secured at amortised cost)	743.12	1,016.34
- From banks (unsecured at amortised cost)	62.39	38.72
Total	**805.51**	**1,055.06**

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

23 Borrowings (Current)* (contd..)

a. Details of security for working capital borrowings

Working capital borrowings from banks are secured by way of hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future fixed assets of the Company.

b. Includes Nil (March 31, 2017: Nil) for commercial paper issued by the Company. The maximum amount outstanding during the year is ₹1,385.64 crore (FY 2016-17: ₹1,136.24 crore)

* Refer note 37

24 Trade payables*

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables (refer note 43)		
Due to micro and small enterprises	-	-
Due to other than micro and small enterprises	191.71	172.61
Due to related parties (Refer Note 46)	4.48	4.80
Total	**196.19**	**177.41**

* Refer note 37

25 Other financial liabilities (Current)**

	As at March 31, 2018	As at March 31, 2017
Financial liabilities at amortized cost		
Current maturities of non current debt	281.38	423.76
Interest accrued but not due on borrowings	24.87	1.64
Other payables		
- Retention money	6.27	8.25
- Security deposits	2.15	1.68
- Expense payable	83.84	90.13
- Payables for purchase of fixed assets	0.21	7.49
- Due to employees	65.84	67.81
Financial liabilities at Fair value through Profit and loss		
Derivative Financial Instruments*	7.38	-
Total	**471.94**	**600.76**

* This includes net mark to market loss of ₹1.92 crore (March 31,2017 : Nil) on commodities traded through commodities exchange.
The Company has taken future contracts to hedge against fluctuation of cotton prices during the year and has booked mark to market loss on these contracts in head Other expenses (Refer note 35)

** Refer note 37

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

26 Provisions (Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits : (Refer note 47)		
Leave encashment	2.95	1.81
Gratuity	1.87	2.47
	4.82	**4.28**

27 Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory remittances*	40.99	47.85
Deferred Income for Capital subsidy	2.00	1.81
Unpaid dividends **	2.76	1.90
Advances from customers	47.92	75.85
Other Liabilities	21.40	19.60
Total	**115.07**	**147.01**

* Statutory remittances includes contribution to provident fund and Employee state insurance corporation, tax deducted at source,excise duty,VAT/sales tax,service tax, goods and service tax etc.

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

28 Revenue from operations

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products (Net of Rebate & Discount and including excise duty)	5,762.50	5,561.73
Sale of services	2.20	6.70
Other operating revenues :		
- Export benefits*	75.31	111.75
- Others	11.36	10.77
	5,851.37	**5,690.95**
# The following is an analysis of the company's revenue from its products and services		
Sale of Yarn	3,649.41	3,489.73
Sale of Fabric	2,109.96	2,068.59
Service income	2.20	6.70
Others (Sale of scrap, waste etc)	14.49	14.18
	5,776.06	**5,579.20**

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

28 Revenue from operations # (contd..)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
* Export benefits are in the nature of government grants covering following benefits		
(a) Merchandise Exports from India Scheme(MEIS)	59.79	97.21
(b) Duty drawback benefits	15.52	14.54
	75.31	**111.75**

29 Other income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest income		
Interest income	17.76	33.30
Interest income on employee loans	0.11	0.12
(b) Dividend income		
Dividend Income from investment carried at cost	14.62	-
Dividend income from investments- carried at fair value through Profit or Loss	5.36	15.41
(c) Other Non Operating Income (Net of Expenses directly attributable to such income)		
Net gain on sale of investments-carried at fair value through Profit or Loss (net of reversal of fair valuation on disposal of investment)	20.26	16.23
Gain on sale of investment in joint venture - carried at cost (Refer note 48.5)	-	313.01
Gain on fair valuation of Investments	78.08	95.30
Gain on buyback of shares- carried at cost	-	36.38
(d) Other gain		
Claims received (net of expenses)	1.50	1.67
Provisions no longer required written back	8.02	3.50
Capital subsidy	1.79	1.81
Net gain on disposal of property, plant and equipment	4.69	61.58
Foreign exchange fluctuation gain (net)	8.62	27.48
Others	24.25	22.57
	185.06	**628.36**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

30 Cost of materials consumed

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Cotton	2,542.72	2,221.14
Manmade fibre	576.29	573.96
Yarn	24.40	24.05
Fabric	34.80	13.56
Others	2.31	3.98
	3,180.52	**2,836.69**

31 Purchases of Stock-in-trade:

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Yarn	33.47	29.17
Fabric	-	0.03
Others	0.16	-
	33.63	**29.20**

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

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Inventories at the beginning of the year		
Work-in-progress	137.69	109.55
Finished goods	446.71	400.67
	584.40	**510.22**
Inventories at the end of the year		
Work-in-progress	142.43	137.69
Finished goods	489.98	446.71
	632.41	**584.40**
	(48.01)	**(74.18)**

33 Employee benefits expense *

Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
Salaries and wages	429.93	406.83
Contribution to provident and other funds	44.21	40.61
Staff welfare expenses	5.49	6.17
	479.63	**453.61**

* Also refer note 47

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

34 Finance costs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense*	103.81	112.52
Other borrowing costs	10.51	12.61
	114.32	**125.13**

*Interest expense is net of interest reimbursement of ₹43.82 crore (March 31, 2017 ₹59.32 crore) under Technology upgradation fund scheme and ₹12.59 crore (March 31, 2017 ₹28.04 crore) under Madhya Pradesh state interest reimbursement on term loan.

35 Other expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Power and fuel	586.47	553.99
Consumption of stores and spare parts	37.12	37.56
Packing materials and charges	74.78	78.11
Dyes and Chemical consumed	184.13	185.86
Rent	2.12	2.29
Repairs and maintenance to buildings	19.48	33.63
Repairs and maintenance to machinery	167.37	159.00
Insurance	5.21	6.52
Rates and taxes	2.44	1.31
Auditors remuneration:		
- Audit fee	0.50	0.37
- Tax audit fee	0.08	0.09
- Reimbursement of expenses	0.16	0.13
- In other capacity	0.06	0.05
Bad debts written off	0.45	3.52
Excise duty consumed on sale of goods	0.10	0.52
Allowances for doubtful trade receivables and advances	-	2.74
Forwarding charges and octroi	102.30	84.89
Commission to selling agents	43.71	49.02
Assets written off	3.32	4.34
Other miscellaneous expenses (Refer note 48.3)	117.24	110.62
	1,347.04	**1,314.56**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

36 Tax balances

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

36.1 Deferred tax liabilities (Net)	Opening Balance	Mat Credit Adjustment	Recognised in profit or loss	Recognised in OCI	Closing Balance
2017-18					
Deferred tax assets					
Expenses deductible in future years	18.86		3.69	-	22.55
Provision for doubtful debts / advances	1.72		0.03	-	1.75
MAT credit recoverable	-	10.21	-	-	10.21
Others	0.01			-	0.01
	20.59	**10.21**	**3.72**	**-**	**34.52**
Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(203.28)		(40.90)	-	(244.18)
Investment in bonds, mutual funds and equity instruments	(55.44)		29.33	-	(26.11)
Others	(0.28)		0.44	-	0.17
	(259.00)	**-**	**(11.13)**	**-**	**(270.12)**
Net deferred tax liabilities	**(238.41)**	**10.21**	**(7.41)**	**-**	**(235.60)**

36.1 Deferred tax liabilities (Net)	Opening Balance	Mat Credit Adjustment	Recognised in profit or loss	Recognised in OCI	Closing Balance
2016-17					
Deferred tax assets					
Expenses deductible in future years	15.90		2.96	-	18.86
Provision for doubtful debts / advances	0.78		0.94	-	1.72
Others	0.01		-	-	0.01
	16.69	**-**	**3.90**	**-**	**20.59**
Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(200.48)		(2.80)	-	(203.28)
Investment in bonds, mutual funds and equity instruments	(22.37)		(33.01)	(0.06)	(55.44)
Others	(0.23)		(0.05)	-	(0.28)
	(223.08)	**-**	**(35.86)**	**(0.06)**	**(259.00)**
Net deferred tax liabilities	**(206.39)**	**-**	**(31.96)**	**(0.06)**	**(238.41)**

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

36 Tax balances (contd..)

36.2 Income tax recognised in profit or loss

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax		
In respect of the current year	147.58	281.57
Deferred tax		
In respect of the current year	7.41	21.65
Total income tax expense recognised	**154.99**	**303.22**

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	700.75	1,304.81
Tax at the Indian Tax Rate of 34.608 %	242.51	451.57
Differential tax rate on capital gain on sale of investments/fair valuation on investment	(34.30)	(48.01)
Effect of exempted dividend income	(6.88)	(5.30)
Effect of indexation benefit on value of investment	(18.81)	(39.89)
Effect of deduction under section 80-IA and 80-IC of the Income-tax Act, 1961	(35.88)	(34.56)
Effect of deduction under section 32-AC of the Income-tax Act, 1961	-	(10.25)
Effect of brought forward long term capital losses	-	(10.78)
Effect of expenses that are not deductible in determining taxable profit	2.61	0.94
Effect of change in tax rate	2.62	-
Others	3.12	(0.50)
	154.99	**303.22**

36.3 Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Arising on income and expenses recognised in other comprehensive income		
Net fair value gain on investment in equity shares at FVTOCI	0.03	0.06
Remeasurement of defined benefit obligation	0.87	(0.17)
Total income tax recognised in other comprehensive income	**0.90**	**(0.11)**

Notes to Standalone Financial Statements

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(All amounts in ₹ crore, unless otherwise stated)

37 Financial instruments and risk management

37.1 Capital management

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

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

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

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

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

Particulars	As at March 31, 2018	As at March 31, 2017
Debt	2,282.44	2,198.17
Cash & cash equivalents	65.20	38.22
Net Debt	**2,217.24**	**2,159.95**
Total Equity	**4,631.96**	**3,985.85**
Net debt to equity ratio	**0.48**	**0.54**

37.2 Financial instruments by category

Particulars	As at March 31, 2018				As at March 31, 2017			
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTOCI	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTOCI
Financial Assets								
Investments*	1,423.40	-	-	1.88	1,504.77	-	-	1.79
Trade Receivables	-	-	727.32	-	-	-	717.91	-
Cash and cash equivalents	-	-	65.20	-	-	-	38.22	-
Bank balances other than above	-	-	3.11	-	-	-	2.25	-
Loans	-	-	45.80	-	-	-	37.17	-
Other financial assets	-	1.97	30.99	-	-	18.06	24.15	-
	1,423.40	**1.97**	**872.42**	**1.88**	**1,504.77**	**18.06**	**819.70**	**1.79**

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

37.2 Financial instruments by category (contd..)

Particulars	As at March 31, 2018			As at March 31, 2017		
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#
Financial Liabilities						
Borrowings (including current maturity of term loan)	-	-	2,282.44	-	-	2,198.17
Trade Payables	-	-	196.19	-	-	177.41
Other financial liabilities	-	7.38	183.82	-	-	177.49
	-	**7.38**	**2,662.45**	**-**	**-**	**2,553.07**

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

* Investment value excludes investment in subsidiaries/Associates/Joint ventures of ₹166.72 crore (March 31, 2017: ₹136.24 crore) which are shown at cost in balance sheet as per Ind AS 27 "Separate Financial Statements".

Fair value hierarchy

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

As at March 31, 2018

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in mutual funds/bonds/ preference shares	246.63	1,153.55	-	**1,400.18**
Investments in quoted equity instruments	23.22	-	-	**23.22**
Investments in unquoted equity instruments	-	-	1.88	**1.88**
Foreign currency / commodity forward contracts	-	1.97	-	**1.97**
	269.85	**1,155.52**	**1.88**	**1,427.25**
Financial Liabilities				
Foreign currency / commodity forward contracts	-	7.38	-	7.38
	-	**7.38**	**-**	**7.38**

As at March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in mutual funds/bonds/ preference shares	284.83	1,185.79	-	1,470.62
Investments in quoted equity instruments	34.15	-	-	34.15
Investments in unquoted equity instruments	-	-	1.79	1.79
Foreign currency / commodity forward contracts	-	18.06	-	18.06
	318.98	**1,203.85**	**1.79**	**1,524.62**

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(All amounts in ₹ crore, unless otherwise stated)

37.2 Financial instruments by category (contd..)

Level 1:

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

Level 2:

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

Level 3:

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

Sensitivity of Level 3 financial instruments are insignificant

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

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

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

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

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

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

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(All amounts in ₹ crore, unless otherwise stated)

37.2 Financial instruments by category (contd..)

Reconciliation of Level 3 fair value measurements

	Unlisted equity instruments
As at April 1, 2016	**1.61**
Purchases	-
Gain / (loss) recognised in OCI/Profit/Loss	0.18
As at March 31, 2017	**1.79**
Purchases	-
Gain / (loss) recognised in OCI/Profit/Loss	0.09
As at March 31, 2018	**1.88**

37.3 Financial risk management

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

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

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

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

37.3.1 Market risk

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

A. Foreign Currency Risk Management

The Company operates internationally and business is transacted in several currencies. The export sales of Company comprise around 38% of the total sales of the Company, Further the Company also imports certain assets and material from outside India. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the Company is exposed to foreign currency risk and the results of the Company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than Company's functional currency.

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

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for the year ended March 31, 2018
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37.3.1 Market risk (contd..)

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

As at March 31, 2018	USD	EUR	CHF	JPY
Financial assets				
Trade receivables	5.19	0.36	-	-
Foreign exchange derivative contracts*	(7.33)	(0.68)	-	-
Net exposure to foreign currency risk (assets)	-	-	-	-
Financial liablities				
Trade payables	-	0.18	0.05	13.77
Borrowings	-	-	-	
Foreign exchange derivative contracts*	(2.78)	(0.54)	(0.22)	(54.10)
Net exposure to foreign currency risk (assets)	-	-	-	-
Net exposure to foreign currency risk (net)	-	-	-	-

As at March 31, 2017	USD	EUR	CHF	JPY
Financial assets				
Trade receivables	5.29	0.42	-	-
Foreign exchange derivative contracts*	(5.29)	(0.42)	-	-
Net exposure to foreign currency risk (assets)	-	-	-	-
Financial liablities				
Trade payables and other financial liablities	0.36	0.08	0.08	6.15
Borrowings				
Foreign exchange derivative contracts*	(0.36)	(0.08)	-	(4.52)
Net exposure to foreign currency risk (assets)	-	-	**0.08**	**1.63**
Net exposure to foreign currency risk (net)	-	-	**0.08**	**1.63**

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

Foreign currency sensitivity analysis

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

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	₹ strengthens by 10%	₹ weakens by 10%	₹ strengthens by 10%	₹ weakens by 10%
Impact on profit /(loss) for the year				
USD	-	-	-	-
EUR	-	-	-	-
CHF	-	-	0.50	(0.50)
JPY	-	-	0.09	(0.09)

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37.3.1 Market risk (contd..)

Foreign exchange derivative contracts

The Company uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The Company's Corporate Treasury team measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency cash flows by appropriately hedging the transactions. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. All identified exposures are managed as per the policy duly approved by the Board of Directors.

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

	No of Deals		Foreign Currency (FCY CRORE)		Nominal Amount (₹ crore)	
Outstanding Contracts*	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2018**	**As at March 31, 2017**
USD / INR Buy forward	25	28	2.62	2.15	174.44	142.18
USD / INR Buy option	1	7	0.16	1.51	10.40	100.41
USD / INR Sell forward	114	105	6.72	5.22	442.29	363.74
EUR / USD Sell forward	-	6	-	0.36	-	25.37
USD / INR Sell option	2	3	0.60	0.30	38.24	20.50
EUR / USD Buy forward	1	2	0.19	0.06	15.51	4.30
EUR / INR Buy forward	5	4	0.35	0.05	27.89	3.67
EUR / INR Sell forward	27	14	0.68	0.41	54.60	30.04
GBP / USD Buy forward	-	-	-	-	-	-
EUR / INR Sell forward	-	-	-	-	-	-
JPY/INR Buy forward	1	2	54.10	4.52	31.90	2.65
USD/JPY buy forward	-	1	-	5.08	-	3.02
USD/CHF Buy forward	1	2	0.22	0.05	15.36	3.55
CHF/INR Buy Forward	1	-	0.02	-	1.42	-
Fair value assets /(liabilities)					(3.49)	18.06

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

B. Interest rate risk management

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

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

37.3.1 Market riskn (contd..)

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	₹ If loans interest rate decreases by 1 %	₹ If loans interest rate decreases by 1 %
Increase in profit before tax by	22.82	21.98

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

C. Security price risk management

Exposure in equity

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

Equity price sensitivity analysis

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

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

Other comprehensive income for March 31, 2018 would increase / decrease by ₹0.09 crore (March 31, 2017: increase / decrease by ₹0.09 crore) as a result of the change in fair value of equity investment measured at FVTOCI

Exposure in mutual funds

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

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

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

Profit for the year ended March 31, 2018 would increase / decrease by ₹13.85 crore (March 31, 2017 by ₹14.95 crore) as a result of the changes in fair value of mutual fund investments.

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for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

37.3.2 Credit risk management

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

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

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

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

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Revenue from top five customers	528.42	539.88
% of total sales of products	9.03%	9.71%

Financial assets for which loss allowance is measured:

	As at March 31, 2018	**As at March 31, 2017**
Loans - Non-current	0.59	0.61
Loans - Current	45.21	36.56
Other financial assets - Non-current	8.97	1.74
Other financial assets - Current	23.99	40.47
Trade receivables	727.32	717.91
	806.08	**797.29**

Loss allowance is as follows:

As at April 1, 2016	**2.03**
Provided during the year	2.94
Reversed during the year	-
As at March 31, 2017	**4.97**
Provided during the year	-
Reversed during the year	-
As at March 31, 2018	**4.97**

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

37.3.3 Liquidity Risk Management

The financial liabilities of the Company, other than derivatives, include loans and borrowings, trade and other payables. The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The Company plans to maintain sufficient cash and marketable securities to meet the obligations as and when fall due. The below is the detail of contractual maturities of the financial liabilities of the Company at the end of each reporting period:

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

Financial Assets	**Less than 1 year**	**More than 1 year and upto 3 years**	**More than 3 year and upto 5 years**	**More than 5 years**	**Total**
As at March 31, 2018					
Investments*	804.04	384.32	235.04	168.60	1,592.00
Trade Receivables	727.32	-	-	-	727.32
Cash and cash equivalents	65.20	-	-	-	65.20
Bank balances other than above	3.11	-	-	-	3.11
Loans	45.21	0.59	-	-	45.80
Other financial assets	23.99	8.97	-	-	32.96
	1,668.87	**393.88**	**235.04**	**168.60**	**2,466.39**

	Less than 1 year	**More than 1 year and upto 3 years**	**More than 3 year and upto 5 years**	**More than 5 years**	**Total**
As at March 31, 2018					
Borrowings*	1,086.89	505.88	689.67	-	2,282.44
Trade payables	196.19	-	-	-	196.19
Other financial liabilities**	183.17	0.65	-	-	183.82
	1,466.25	**506.53**	**689.67**	**-**	**2,662.45**

Financial Assets	**Less than 1 year**	**More than 1 year and upto 3 years**	**More than 3 year and upto 5 years**	**More than 5 years**	**Total**
As at March 31, 2017					
Investments*	670.60	641.90	192.26	138.03	1,642.79
Trade Receivables	717.91	-	-	-	717.91
Cash and cash equivalents	38.22	-	-	-	38.22
Bank balances other than above	2.25	-	-	-	2.25
Loans	36.56	0.61	-	-	37.17
Other financial assets	40.47	1.74	-	-	42.21
	1,506.01	**644.25**	**192.26**	**138.03**	**2,480.55**

Notes to Standalone Financial Statements

for the year ended March 31, 2018
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37.3.3 Liquidity Risk Management (contd..)

	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
As at March 31, 2017					
Borrowings*	1,478.81	564.37	154.99	-	2,198.17
Trade payables	177.41	-	-	-	177.41
Other financial liabilities	177.00	0.49	-	-	177.49
	1,833.22	**564.86**	**154.99**	**-**	**2,553.07**

* including Current Maturity of non-current borrowings

38 Contingent liabilities and commitments

	As at March 31, 2018	As at March 31, 2017
a. Claims against the Company not acknowledged as debts:		
Sales tax, excise duty, etc*	6.90	6.66
Income-tax**	214.90	182.50
Others	5.62	4.36

* Amount deposited ₹0.85 crore (March 31, 2017 : ₹0.67 crore)

** Amount deposited ₹134.01 crore (March 31, 2017 : ₹100.68 crore)

b. Liability on account of bank guarantees and letter of credit of ₹272.65 crore (March 31, 2017: ₹112.55 crore)

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

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

Notes to Standalone Financial Statements

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(All amounts in ₹ crore, unless otherwise stated)

38 Contingent liabilities and commitments (contd..)

e. Capital and other commitments

	As at March 31, 2018	As at March 31, 2017
(i) Estimated Amount of contracts remaining to be executed on capital account & not provided for (net of advance)	385.37	80.71

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

39 The details of dues of excise duty, entry tax, value added tax, service tax and income-tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Forum where Dispute is pending	Period to which the amount relates (various years covering the period)	Amount*	Amount unpaid
Central Excise Laws	Excise Duty	Supreme Court	2005	0.04	0.04
		Customs, Excise & Service Tax Appellate Tribunal (CESTAT)	2009-13	2.17	2.17
		Upto Commissioner (Appeals)	2001-2013	2.73	2.65
Service Tax Laws	Service Tax	CESTAT	2010-2011	0.02	0.02
		Upto Commissioner (Appeals)	2008-2011	0.07	0.07
Sales Tax Laws	Central Sales Tax	Upto Commissioner (Appeals)	2009-2010	0.06	0.06
	State Sales Taxes	Upto Commissioner (Appeals)	2005-06	0.02	0.02
		Appelate Board	2006-07	0.51	0.31
Income-tax Laws	Income-tax	Income-tax Appellate Tribunal (ITAT)	2001-2012	141.42	26.21
		Upto Commissioner (Appeals)	2012-2014	87.65	68.85

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

40(a) The Company was holding its own Nil (March 31, 2017: 14,62.202 nos.) equity shares of ₹10 each through a Trust, which were received by it in its capacity as a shareholder of Vardhman Holdings Limited, in accordance with the 'Scheme of Arrangement and Demerger'. 1,36,539 shares were tendered during the year ended March 31, 2017 in terms of buy back announced by the Company. The value of shares held at the end of each reporting period has been adjusted in the equity in accordance with Ind AS 32. During the current year, the Company has sold remaining 14,62,202 shares in market for sales consideration of ₹182.23 crore.

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for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

40(b) The aforesaid Trust is also holding 5,32,911 equity shares (March 31, 2017: 3,19,748 nos.) of ₹10 each of Vardhman Special Steels Limited. Out of above 3,19,748 no of shares were allotted to it in the capacity of a shareholder of the Company by virtue of 'Scheme of Arrangement & Demerger' entered into by the Company, Vardhman Special Steels Limited and their respective shareholders and creditors.The aforesaid trust also purchased 2,13,163 equity shares in scheme of Right issue announced by Vardhman Special Steels Limited during the year.

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

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

Particulars	As at March 31, 2018	As at March 31, 2017
Cost of shares of the Company*	-	13.05
Cost of shares of Vardhman Special Steels Limited	4.64	3.57
Other recoverable	0.01	0.03
	4.65	**16.65**

* The amount recoverable on account of equity shares of the Company held by the trust has been reduced from equity share capital & retained earnings.

41 Segment information

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

42 Earnings per share

	Year ended March 31, 2018	Year ended March 31, 2017
Basic earnings per share (INR)	96.41	163.67
Diluted earnings per share (INR)	95.45	163.67
Profit attributable to the equity holders of the Company used in calculating basic earning per share	545.76	1,001.59
Weighted average number of equity shares for the purpose of basic earning per share (numbers)	56,608,628	61,194,799
Profit attributable to the equity holders of the Company used in calculating dilutive earning per share	545.76	1,001.59
Weighted average number of equity shares for the purpose of dilutive earning per share (numbers)	57,180,178	61,194,799

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for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

43 The Company owes dues of Nil (March 31, 2017: Nil) towards Micro and Small Enterprises, which are outstanding for more than 45 days as at March 31, 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

44 Leases

The Company has leased facilities under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to ninety nine years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognised during the year amounts to ₹2.12 crore (March 31, 2017: ₹2.29 crore). The future minimum lease payments in respect of the non-cancellable operating leases are:

	As at March 31, 2018	As at March 31, 2017
Within one year	1.21	1.28
After one year but not more than five years	2.71	2.71
More than five years	26.26	33.50
	30.18	**37.49**

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

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

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

(iii) The following share payments arrangement is in existence during the current year (none in previous year).

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

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for the year ended March 31, 2018
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45 Share based payments - Employee Share option plan of the Company (contd..)

Details of vesting

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

(iv) During the current year, the grant of 60,750 equity shares was due but only 49,250 shares have been exercised during the year.

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

Call option value per option unit using black scholes method is ₹427.63. The following inputs have been used for computing the fair value:

Inputs into the model	Particulars
Grant date share price (₹)	1,056.60
Exercise price (₹)	815
Expected volatility	33.78%
Option life	2 years
Dividend yield	1.92%
Risk free Interest Rate	6.31%

(vi) Moment of share options

Particulars	2017-18		2016-17	
	Number of options	Weighted Average Exercise price (₹)	Number of options	Weighted Average Exercise price (₹)
Balance at beginning of year	6,07,500		-	-
Granted during the year	6,500	815	6,07,500	815
Forfeited during the year	-		-	-
Exercised during the year	49,250	815	-	-
Expired during the year	-		-	-
Balance at end of year	**5,64,750**	**-**	6,07,500	**-**

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

(vii) Share options exercised during the year*

	Exercised	Exercise date	Share price at exercise date
Granted on 15th November,2016	42,450	08-01-2018	1,405.75

* For 6,800 shares application money has been received upto 31-03-2018 but allotment was made on 09-04-2018.

(viii) Amount accounted for in profit and loss for Employee stock options is ₹12.07 crore.

46 Related party transactions

46.1 Description of related parties

Subsidiaries
VMT Spinning Company Limited
Vardhman Acrylics Limited
VTL Investments Limited

Joint ventures
Vardhman Nisshinbo Garments Company Limited

Associates
Vardhman Yarns and Threads Limited
Vardhman Spinning and General Mills Limited
Vardhman Special Steels Limited

Relative of KMP
Ms. Soumya Jain
Ms.Sagrika Jain

Post Employment Benefit Plans Trust
Mahavir Employee Gratuity Fund Trust
Mahavir Superannuation scheme

Key management personnel (KMP)
Mr. S.P. Oswal, Chairman and Managing Director
Mr. Sachit Jain, Joint Managing Director
Mrs. Suchita Jain, Joint Managing Director (w.e.f. August 24, 2016)
Mr. Neeraj Jain, Joint Managing Director
Mr. Rajeev Thapar, Chief Financial Officer
Ms. Karan Kamal Walia, Company Secretary upto (1-05-2017)
Mr. Sanjay Gupta, Company Secretary w.e.f. (01-06-2017)

Enterprises over which KMP have significant influence
Vardhman Holdings Limited
Vardhman Apparels Limited
Smt. Banarso Devi Oswal Public Charitable Trust
Sri Aurobindo Socio Economic and Management Research Institute
Adhishwar Enterprises LLP
Devakar Investment and Trading Company Private Limited
Santon Finance and Investment Company Limited
Flamingo Finance and Investment Company Limited
Ramaniya Finance and Investment Company Limited
Mahavir Spinning Mills Private Limited
Northern Trading Company
Amber Syndicate
Paras Syndicate
Eastern Trading Company
Mahavir Traders

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46.2 Transactions with related parties

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale /processing of goods to:		
Subsidiaries	10.14	12.96
Associates	5.29	6.42
Joint ventures	15.97	13.98
Enterprises over which KMP have significant influence	31.55	18.29
	62.95	**51.65**
Purchase/processing of goods from:		
Subsidiaries	157.99	217.55
Associates	17.65	10.82
Joint ventures	0.31	0.06
	175.95	**228.43**
Purchase of property, plant & equipment from:		
Subsidiaries	0.60	0.21
Associates	0.31	28.22
	0.91	**28.43**
Sales of property, plant & equipment to:		
Subsidiaries	0.61	1.14
Associates	0.81	62.98
Joint Venture	-	0.02
	1.42	**64.14**
Rent paid		
Associates	-	-
Enterprises over which KMP have significant influence	0.12	0.10
	0.12	**0.10**
Rent received		
Subsidiaries	0.03	0.11
Associates	0.23	0.30
	0.26	**0.41**
Dividend received		
Subsidiaries	8.53	-
Associates	6.09	-
	14.62	**-**
Interest paid		
Subsidiaries	0.08	0.05
	0.08	**0.05**

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(All amounts in ₹ crore, unless otherwise stated)

46.2 Transactions with related parties (contd..)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest received		
Subsidiaries	0.84	0.36
Associates	1.10	1.17
Joint Venture	0.90	0.92
	2.84	**2.45**
Reimbursement of expenses received from		
Subsidiaries	0.27	0.62
Associates	0.12	5.91
Joint Venture	0.16	0.03
	0.55	**6.56**
Reimbursement of expenses paid		
Subsidiaries	0.27	2.20
Associates	0.32	4.85
Joint Venture	0.06	0.16
	0.65	**7.21**
Recepit against corporate service tax agreement		
Subsidiaries	1.50	1.50
Associates	4.16	4.20
Joint Venture	0.03	0.03
	5.69	**5.73**
Payment against licence agreement		
Enterprises over which KMP have significant influence	0.99	0.98
	0.99	**0.98**
Donations to		
Enterprises over which KMP have significant influence	14.82	4.19
	14.82	**4.19**
Salary paid to		
Relatives of KMP	0.10	0.07
	0.10	**0.07**
Loan given to (including opening balance)		
Subsidiaries	33.00	22.25
Associates	15.00	15.00
Joint Venture	14.49	13.99
	62.49	**51.24**

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46.2 Transactions with related parties (contd..)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Loan received back from		
Subsidiaries	17.50	15.25
Associates	-	-
Joint Venture	2.50	2.00
	20.00	**17.25**
Contribution to post employment benefit plans		
Post Employment Benefit Plans Trust	3.35	4.60
	3.35	**4.60**

46.3 Outstanding Balances:

	As at March 31, 2018	As at March 31, 2017
Receivables		
Joint Venture	7.49	2.96
	7.49	**2.96**
Payables		
Associates	4.48	4.80
	4.48	**4.80**
Loan given outstanding		
Subsidiaries	15.50	7.00
Associates	15.00	15.00
Joint Venture	11.99	11.99
	42.49	**33.99**
Equity Investment outstanding		
Subsidiaries	96.81	85.75
Associates	52.77	33.35
Joint Venture	7.14	7.14
	156.72	**126.24**
Preference Investment outstanding		
Joint Venture	10.00	10.00
	10.00	**10.00**

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46.4 Key management personnel compensation

	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term benefits*	20.60	30.39
	20.60	**30.39**

* excluding provision for employee benefits,employee stock options but includes sitting fees and commission paid / payable to non executive directors

47 Employee benefits

47.1 Defined contribution plans:

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Superannuation fund	0.87	0.86
Provident fund administered through Regional Provident Fund Commissioner	25.93	25.29
Employees' State Insurance Corporation	7.99	6.91
Other funds	0.16	0.35
	34.95	**33.41**

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

47.2 Defined benefit plans

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

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

Investment Risk

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

Salary Risk

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

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

47.2 Defined benefit plans (contd..)

Interest Risk

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

Longevity Risk

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

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

	As at March 31, 2018	As at March 31, 2017
Discount Rate	7.71%	7.35%
Salary increase	6.00%	6.00%
Expected average remaining working life	27.53 years	26.94 years
Mortality Rates	IALM (2006-08)	IALM (2006-08)
Method used	Project unit credit method	Project unit credit method

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

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Service cost	7.20	6.98
Past service cost and (gain) /loss from settlements	1.87	-
Net interest expenses	0.19	0.22
	9.26	**7.20**

The current service cost,past service cost and the net interest expenses for the year are included in Note 33 “Employee Benefits Expenses” under the head “Contribution to provident and other funds”.

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

47.2 Defined benefit plans (contd..)

(iv) Amounts recognised in Other Comprehensive Income:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Return on plan assets (excluding amounts included in net interest expenses)	0.44	0.77
Actuarial gain/(losses) arising from changes in financial assumptions	-	-
Actuarial gain/(losses) arising from changes in experience adjustments	2.07	(1.27)
	2.51	**(0.50)**

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

	As at March 31, 2018	As at March 31, 2017
Present value of funded defined benefit obligation	54.61	48.69
Fair Value of Plan Assets	52.74	46.22
Surplus / (Deficit)	**(1.87)**	**(2.47)**
Effect of asset ceiling, if any	-	-
Net assets / (liability)	**(1.87)**	**(2.47)**

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening defined benefit obligation	48.69	42.35
Transferred during the year		0.15
Current Service Cost	7.20	6.97
Interest Cost	3.76	3.32
Actuarial (gain)/losses arising from changes in financial assumptions	-	-
Past service cost including curtailment gains/losses	1.87	-
Actuarial (gain)/losses arising from changes in experience adjustments	(2.07)	1.27
Benefits paid	(4.84)	(5.37)
Closing defined benefit obligation	**54.61**	**48.69**

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

47.2 Defined benefit plans (contd..)

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening fair value of plan assets	46.22	38.52
Return on plan assets (excluding amounts included in net interest expenses)	4.03	3.87
Contributions from employer	2.49	3.83
Closing fair value of plan assets	**52.74**	**46.22**

Plan assets comprises of mutual fund, Government of India securities and bank balances. The average duration of the defined benefit obligation is 14.02 years (2017: 13.65 years). The Company expects to make a contribution of ₹1.89 crore (March 31, 2017: ₹2.51 crore) to the defined benefit plans during the next financial year

(viii) Sensitivity Analysis

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

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹2.24 crore (Increase by ₹2.43 crore) (March 31, 2017: decrease by ₹2.11 crore (increase by ₹2.28 crore))

If the expected salary growth increases (decreases) by 50 basis points, the defined benefit obligation would increase by ₹2.38 crore (decrease by ₹2.23 crore) (March 31, 2017: increase by ₹2.30 crore (decrease by ₹1.98 crore))

	As at 31.03.2018	As at 31.03.2018
Discount Rate		
0.50% Increase	(2.24)	(2.11)
0.50% decrease	2.43	2.28
Future Salary increase		
0.50% Increase	2.38	2.30
0.50% decrease	(2.23)	(1.98)

(ix) Maturity Profile of Defined Benefit Obligation

	Year	Amount
a)	0 to 1 Year	7.37
b)	1 to 2 Year	2.74
c)	2 to 3 Year	2.55
d)	3 to 4 Year	2.42
e)	4 to 5 Year	2.55
f)	5 to 6 Year	2.33
g)	6 Year onwards	34.64

Notes to Standalone Financial Statements

for the year ended March 31, 2018

(All amounts in ₹ crore, unless otherwise stated)

47.3 Other long term employee benefit

(i) Amount recognised in profit and loss in note no.33 "Employee benefit expense" under the head "Salaries and Wages" towards leave encashment is ₹2.89 crore (March 31, 2018 ₹5.31 core)

(ii) Amount taken to balance sheet

	2017-18	2016-17
Current	2.95	1.81
Non Current	7.04	8.90

48 Additional disclosures

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

(i) The Company has given inter corporate deposits aggregating to ₹26.00 crore (March 31, 2017: ₹22.25 crore) to VMT Spinning Company Limited during the year. The maximum amount outstanding during the year was ₹20.00 crore (March 31, 2017: ₹13.75 crore). The Balance outstanding as on March 31, 2018 is ₹15.50 crore (March 31, 2017: ₹7.00 crore).

(ii) The Company has given inter corporate deposits aggregating to ₹ Nil (March 31, 2017: ₹ Nil) to Vardhman Special Steels Limited. The maximum amount outstanding during the year was ₹15.00 crore (March 31, 2017: ₹15.00 crore). The balance outstanding as on March 31, 2018 is ₹15.00 crore (March 31, 2017: ₹15.00 crore).

(iii) The Company has given inter corporate deposits aggregating to ₹2.50 crore (March 31, 2017: ₹2.00 crore) to Vardhman Nisshinbo Garments Company Limited during the year. The maximum amount outstanding during the year was ₹14.49 crore (March 31, 2017: ₹11.99 crore). The balance outstanding as on March 31, 2018 is ₹11.99 crore (March 31, 2017: ₹11.99 crore).

48.2 Assets pledged as security:

Particulars	As at March 31, 2018	As at March 31, 2017
Current assets		
Financial assets		
Trade receivables	727.32	717.91
Non-financial assets		
Inventory	2,116.51	1,589.00
Total current assets pledged as security	**2,843.83**	**2,306.91**
Non-current assets		
Property, plant & equipment	2,503.04	2,451.41
Total non-current assets pledged as security	**2,503.04**	**2,451.41**
Total assets pledged as security	**5,346.87**	**4,758.32**

Notes to Standalone Financial Statements

for the year ended March 31, 2018
(All amounts in ₹ crore, unless otherwise stated)

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

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

a) Gross amount required to be spent by the Company during the year was ₹17.02 crore (March 31, 2017 ₹14.46 crore).

b) Amount spent during the year : ₹14.93 crore (March 31, 2017 ₹5.41 crore)

Amount unspent during the year was ₹2.09 crore (March 31, 2017 ₹9.05 crore).

(c) Activity	Amount
Promoting Education	10.11
Promoting Healthcare	2.83
Rural Development Projects	1.58
Measures for the benefit of armed forces veterans, war widows and their dependents	0.01
Promoting Art and Culture	0.03
Environmental Sustainability	0.37
Total	**14.93**

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

48.5 During the previous year, the Company has sold its 40% equity stake in Vardhman Yarns & Threads Limited (VYTL), equivalent to 22,802,541 equity shares, to its Joint Venture partner namely American & Efird Global (A&E) for a consideration of ₹413.01 crore. Gain on sale of such investment amounting to ₹313.00 crore has been shown under the head 'Other Income'. Accordingly, the Company now holds 11% equity stake in VYTL equivalent to 62,69,699 equity shares at a cost of ₹27.50 crore. In view of changed situation, the investment is also re-classified as 'Investment in Associates'.

48.6 Previous year figures in the financial statements, including the notes thereto, have been reclassified wherever required to confirm to the current year presentation/classification. These are not material and do not affect the previously reported net profit or equity.

For and on behalf of the Board of Directors

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Joint Managing Director
DIN:00746471

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

Place : Ludhiana
Date: May 12, 2018

Consolidated Financial Statements

Independent Auditor's Report

To the Members of **Vardhman Textiles Limited**

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Vardhman Textiles Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), which includes Group's share of profit in its associates and its joint venture, comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associates and Joint venture in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associates and its joint venture and for preventing and detecting frauds and other irregularities; the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, associates and joint venture referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements of three subsidiaries viz., VMT Spinning Company Limited, VTL Investments Limited and Vardhman Acrylics Limited, whose financial statements/ financial information reflect total assets of ₹645.69 crore as at March 31, 2018, total revenues of ₹583.28 crore and net cash outflows amounting to ₹20.98 crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹17.51 crore for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of three associates viz., Vardhman Yarns and Threads Limited, Vardhman Special Steels Limited and Vardhman Spinning and General Mills Limited and one joint venture viz., Vardhman Nisshinbo Garments Company Limited, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associate is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint venture companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary Companies, associate Companies and joint venture Company incorporated in India, none of the directors of the Group, its associate Companies and joint venture Company incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiary Companies, associate Companies and joint venture Company incorporated in India to whom internal financial control over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those Companies, for the reasons stated therein.

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

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture – Refer to Note 38(a) to the consolidated Ind AS financial statements.

ii. The Group, its associates and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts – Refer to Note 38(e) to the consolidated Ind AS financial statements.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary Companies, associate Companies and joint venture Company incorporated in India.

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

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: Ludhiana
Date: May 12, 2018

Annexure "A" to the Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Vardhman Textiles Limited (hereinafter referred to as "Parent") and its subsidiary companies, its associates companies and joint venture company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, associate companies and joint venture company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint venture, which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, its associate companies and joint venture company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to three subsidiary companies, three associate companies and one joint venture, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

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

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: Ludhiana
Date: May 12, 2018

Consolidated Balance Sheet as at March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3A	2,614.59	2,571.31
(b) Capital work-in-progress	3A	105.71	49.03
(c) Other intangible assets	3B	3.81	6.74
(d) Goodwill	4	12.50	12.54
(e) Financial assets			
(i) Investment in associates and joint ventures	5A	106.00	75.17
(ii) Investments	5B	748.58	858.75
(iii) Loans	6A	0.59	0.61
(iv) Others financial assets	6B	9.40	10.09
(f) Other non-current assets	7	97.31	78.41
Total Non-current assets		**3,698.49**	**3,662.65**
Current assets			
(a) Inventories	8	2,256.64	1,752.81
(b) Financial assets			
(i) Investments	9	979.09	934.40
(ii) Trade receivables	10	757.53	733.50
(iii) Cash and cash equivalents	11	70.38	42.29
(iv) Bank balances other than above	11A	3.38	2.36
(v) Loans	12	29.80	29.71
(vi) Other financial assets	13	18.35	26.40
(c) Current tax assets(net)	14	78.41	21.26
(d) Other current assets	15	352.02	295.67
Total Current assets		**4,545.60**	**3,838.40**
TOTAL ASSETS		**8,244.09**	**7,501.05**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	56.43	54.91
(b) Other equity	17	4,897.27	4,218.32
Equity attributable to the owners of the Company		**4,953.70**	**4,273.23**
(c) Non-controlling interests		108.78	112.19
Total Equity		**5,062.48**	**4,385.42**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	1,209.77	742.70
(ii) Other financial liabilities	19	0.65	0.49
(b) Provisions	20	7.69	9.69
(c) Deferred tax liabilities (Net)	21	255.62	255.69
(d) Other non-current liabilities	22	22.18	21.03
Total Non-current liabilities		**1,495.91**	**1,029.60**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	821.19	1,066.32
(ii) Trade payables	24	239.86	245.15
(iii) Other financial liabilities	25	489.26	617.87
(b) Provisions	26	5.47	4.65
(c) Current tax liabilities (net)	14	10.93	-
(d) Other current liabilities	27	118.99	152.04
Total Current liabilities		**1,685.70**	**2,086.03**
TOTAL EQUITY AND LIABILITIES		**8,244.09**	**7,501.05**
See accompanying notes to the consolidated financial statements	1 - 49		

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Joint Managing Director
DIN:00746471

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

Place : Ludhiana
Date: May 12, 2018

Place : Ludhiana
Date: May 12, 2018

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations	28	6,248.27	6,029.95
II	Other income	29	197.35	553.86
III	**Total Income (I+II)**		**6,445.62**	**6,583.81**
IV	**Expenses :**			
	Cost of materials consumed	30	3,438.28	3,015.80
	Purchases of stock-in-trade	31	4.15	5.39
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	(37.87)	(90.82)
	Employee benefits expense	33	506.26	478.85
	Finance costs	34	118.19	128.68
	Depreciation and amortization	3A & 3B	240.00	343.40
	Other expenses	35	1,434.49	1,421.43
	Total Expenses		**5,703.50**	**5,302.73**
V	**Profit before tax (III-IV)**		**742.12**	**1,281.08**
VI	Share of profit of associates/ joint ventures		17.51	36.86
VII	**Profit before tax (V+VI)**		**759.63**	**1,317.94**
VIII	**Tax expense:**	36		
	Current tax		165.01	302.64
	Deferred tax		2.18	21.03
IX	**Profit for the year (VII-VIII)**		**592.44**	**994.27**
X	Other Comprehensive Income	17		
	A Items that will not be reclassified to profit or loss			
	(a) (i) Remeasurements of the defined benefits plans		2.47	(0.61)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.86)	0.21
	(b) (i) Equity instruments through other comrehensive income		(0.01)	0.06
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	(0.02)
	(c) Share of other comprehensive income from associates/joint venture		-	(0.09)
XI	**Total other comprehensive income**		**1.60**	**(0.45)**
XII	**Total comprehensive income for the year (IX+XI)**		**594.04**	**993.82**
	Profit attributable to:			
	- Owners of the Company		581.19	981.41
	- Non-controlling interests		11.25	12.86
			592.44	**994.27**
	Other Comprehensive Income attributable to:			
	- Owners of the Company		1.57	(0.42)
	- Non-controlling interests		0.03	(0.03)
			1.60	**(0.45)**
	Total Comprehensive Income attributable to:			
	- Owners of the Company		582.76	980.99
	- Non-controlling interests		11.28	12.83
			594.04	**993.82**
	Earnings per equity share (amount in ₹)	41		
	(1) Basic		106.56	163.11
	(2) Diluted		105.48	163.11
	See accompanying notes to the consolidated financial statements	1 - 49		

In terms of our report attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Joint Managing Director
DIN:00746471

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

Place : Ludhiana
Date: May 12, 2018

Place : Ludhiana
Date: May 12, 2018

Consolidated Cash Flow Statement

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	759.63	1,317.94
Adjustments for:		
Share of profit of associates	(17.51)	(36.86)
Finance costs	106.86	116.22
Fair valuation gain on investment	(86.84)	(99.68)
Subsidy income	(1.83)	(1.89)
Prepayments of Leasehold land	0.24	0.08
Interest income	(19.01)	(31.22)
Dividend on current investments	(7.29)	(14.62)
Net gain on sale / discarding of property, plant and equipment	(4.81)	(64.15)
(Profit)/Loss on sale of Investments (Net)	(34.96)	(281.10)
Provision no longer required written back(Net)	(8.38)	(3.61)
Amortisation of processing charges	0.64	0.93
Asset written off	3.39	4.38
Bad debt written off	0.46	3.59
Allowances for doubtful trade receivables and advances	-	2.74
Depreciation and amortization expense	240.00	343.40
Share options outstanding account	10.57	-
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets :-		
Trade receivables	(24.49)	37.86
Inventories	(503.84)	183.74
Loans (Current)	(0.09)	(6.39)
Loans (Non-current)	0.02	0.17
Other assets (Current)	(56.37)	20.00
Other assets (Non-current)	(5.38)	9.77
Other financial assets (Current)	(0.44)	47.49
Other financial assets (Non-current)	0.81	10.71
Adjustments for increase / (decrease) in operating liabilities :-		
Trade payables and other liabilities	3.08	72.31
Provisions (Non-current)	(2.00)	3.33
Provisions (Current)	0.82	(0.80)
Others financial liabilities (Current)	(5.74)	7.13
Others financial liabilities (Non-Current)	0.16	0.30
Other liabilities (Non-current)	(1.13)	(0.53)
Other liabilities (Current)	(32.18)	17.70
Cash generated from operations	**314.39**	**1,658.94**
Income taxes paid	(212.09)	(308.66)
Net cash generated by operating activities	**102.30**	**1,350.28**

Consolidated Cash Flow Statement

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(1,068.01)	(1,087.48)
Proceeds from sale of investments	1,224.47	903.34
Interest received	26.39	49.72
Payment for purchase of property, plant and equipment, capital work in progress and other intangible assets	(366.73)	(309.94)
Proceeds from sale of property, plant and equipment	10.31	86.55
Dividend on associates, other investments	7.29	14.62
Net cash used in investing activities	**(166.28)**	**(343.19)**
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/ (Repayment) from Equity Share capital	5.54	(688.39)
Proceeds from sale of treasury shares	182.23	
Proceeds from borrowings (non-current)	328.24	-
Repayment of borrowings (non-current)	-	(418.13)
Repayment of borrowings (current)	(245.13)	-
Proceeds from borrowings (current) (net)	-	38.85
Corporate dividend tax paid	(18.24)	-
Dividends on equity share capital paid	(81.35)	(0.93)
Capital Subsidy received	4.45	3.35
Finance costs paid	(83.67)	(114.91)
Net cash generated / (used) in financing activities	**92.07**	**(1,180.16)**
Net increase / (decrease) in cash and cash equivalents	**28.09**	**(173.07)**
Cash and cash equivalents at the beginning of the year	42.29	215.36
Cash and cash equivalents at the end of the year	**70.38**	**42.29**

* There are no non cash changes arising from financing activities

See accompanying notes to the consolidated financial statements 1 - 49

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

Rajeev Thapar
Chief Financial Officer

Suchita Jain
Joint Managing Director
DIN:00746471

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

Place : Ludhiana
Date: May 12, 2018

Place : Ludhiana
Date: May 12, 2018

Consolidated Statement of Changes in Equity

(All amount in ₹ crore, unless otherwise stated)

a. Equity share capital

	Amount
Balance as at April 1, 2016	61.06
Buyback of shares (including of 1,36,539 nos. of shares held through trust. Also refer note 13a)	(6.15)
Balance as at March 31, 2017	**54.91**
Sale of own shares held through trust (Refer note 39)	1.46
Issue of equity shares under employee stock option plan (Refer note 44)	0.04
Add:- Sale of Holding Company shares by subsidary	0.02
	56.43

b. Other equity

	Reserves and Surplus									Item of other comprehensive income	Total
	Share application money pending allotment	Capital reserve	Statutory Reserve u/s 45 IC of RBI	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance at April 1, 2016	**-**	**-**	**3.68**	**21.52**	**209.91**	**-**	**-**	**1,955.57**	**1,745.46**	**2.83**	**3,938.97**
Profit for the year	-	-	-	-	-	-	-	-	981.41		981.41
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	(0.38)	(0.04)	(0.42)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**981.03**	**(0.04)**	**980.99**
Transfer to Statutory Reserve & Capital redemption reserve on account of buyback of equity shares	-	-	-	-	-	-	-	-	(20.86)	-	(20.86)
Transfer from Retained Earnings			1.95	-	-	-	-	-	-	-	1.95
Transfer from Retained Earnings on account of buyback of equity shares	-	-	-	18.91	-	-	-	-	-	-	18.91
Premium on buy back of shares(Net of premium relating to own shares held by trust)	-	-	-	-	(209.91)	-	-	(491.73)	-	-	(701.64)
Balance as at March 31, 2017	**-**	**-**	**5.63**	**40.43**	**-**	**-**	**-**	**1,463.84**	**2,705.63**	**2.79**	**4,218.32**
Profit for the year	-	-		-	-	-	-	-	581.19	-	581.19
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	1.57	-	1.57
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**582.76**	**-**	**582.76**

Consolidated Statement of Changes in Equity

(All amount in ₹ crore, unless otherwise stated)

a. Equity Share Capital

	Share application money pending allotment	Reserves and Surplus								Item of other comprehensive income	Total
		Capital reserve	Statutory Reserve u/s 45 IC of RBI	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Final Equity Dividend for the financial year 2016-17 (Amount ₹15 per share)	-	-		-	-	-	-	-	(84.56)	-	(84.56)
Tax on Dividend	-	-		-	-	-	-	-	(18.24)	-	(18.24)
Dividend on shares held through trust	-	-		-	-	-	-	-	2.19	-	2.19
Profit on sales of shares held through trust (Refer note 39)	-	-		-	-	-	-	-	180.77	-	180.77
Employee stock options accured upto March 2018 (Refer note 44)	-	-		-	-	-	12.07	-	-	-	12.07
Transfer to equity shares due to issue of employee stock options (Refer note 44)							(1.50)				(1.50)
Securities premium on shares under Employee stock options	-	-		-	4.91	-	-	-	-	-	4.91
Transfer to debenture redemption reserve on account of issue of debentures	-	-		-	-	17.81	-	-	(17.81)	-	-
Transfer to Statutory Reserve under 45-IC of RBI Act									(2.05)		(2.05)
Transfer from Retained Earnings			2.05								2.05
Share Application Money received pending allotment under employee stock options.	0.55	-		-	-	-	-	-	-	-	0.55
	0.55		**7.68**	**40.43**	**4.91**	**17.81**	**10.57**	**1,463.84**	**3,348.69**	**2.79**	**4,897.27**

See accompanying notes to the consolidated financial statements 1 - 49

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Sanjay Gupta
Company Secretary
Membership No:-4935

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Chief Financial Officer

Suchita Jain
Joint Managing Director
DIN:00746471

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Chairman and Managing Director
DIN: 00121737

Place : Ludhiana
Date: May 12, 2018

Place : Ludhiana
Date: May 12, 2018

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

1 General Information

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

The financial statements were approved for issue in accordance with a resolution of the directors on May 12, 2018

2 Significant accounting policies, significant accounting judgements, estimates and assumptions and applicablity of new and revsied IND AS

2.1 Statement of compliance

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

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with effect from April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Amounts for year ended March 31, 2017 and amounts as at March 31, 2017 were audited by previous auditors – S.C. Vasudeva & Co.

2.2 Basis of preparation and presentation

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intraCompany assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

2.4 Changes in the Company's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

2.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

In case any goodwill impairment is identified the same is approved by the board of directors and recorded in the books of accounts and disclosed appropriately.

2.6 Investment in associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Company determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Company's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate or a joint venture of the Company, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Company's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, rebates and other similar allowances.

2.7.1 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

a. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.

b. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c. The amount of revenue can be measured reliably;

d. It is probable that the economic benefits associated with the transaction will flow to the Company; and

e. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.7.2 Rendering of services

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

2.7.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

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

2.7.4 Rental income

The Company's policy for recognition of revenue from operating leases is described below:-

2.7.4.1 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.7.4.2 The Group as lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.7.4.3 The Group as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.8 Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.9 Borrowing costs

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

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

2.10 Foreign currencies

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

2.11 Employee benefits

2.11.1 Retirement benefit costs and termination benefits

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

b. net interest expense or income; and

c. re-measurement

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

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

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

2.11.2 Short-term and other long-term employee benefits

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

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

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

2.12 Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note no. 44.

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

2.13 Taxation

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

2.13.1 Current tax

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

Current income tax assets/liabilities for current year is recognized at the amount expected to be paid to and/or recoverable from the tax authorities, using the tax rates that have been enacted or substantively enacted by the Balance Sheet.

2.13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a

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business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

2.13.3 Current and deferred tax for the year

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

2.14 Property, plant and equipment

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

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

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

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

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

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

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

Buildings	3 - 60 years
Plant and Equipment	1 - 40 years
Furniture and Fixtures & Office Equipment	1- 10 years
Vehicles	1 - 10 years

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

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

2.15 Intangible assets

2.15.1 Intangible assets acquired separately

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

2.15.2 De-recognition of intangible assets

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

2.15.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer softwares	6 years
Contribution to Common Effluent Treatment Plant (CETP)	5 years
Right to use power lines	5 Years

2.16 Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

2.17 Inventories

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

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

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

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

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

In case of by-products at estimated realizable value

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

2.18 Provisions and contingent liablities

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

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

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

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

2.19 Financial instruments

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

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

2.19.1 Financial assets

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

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

2.19.1.1 Classification of financial assets

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

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

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

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

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

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

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

2.19.1.2 Effective interest method

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

Income is recognised on an effective interest basis for debt instruments

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other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

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

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

A financial asset is held for trading if:

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

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

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

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

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

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

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

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has designated debt instrument as at FVTPL.

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

2.19.1.5 Impairment of financial assets

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

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

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

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

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

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

2.19.1.6 Derecognition of financial assets

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

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

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

2.19.1.7 Foreign exchange gains and losses

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

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

2.19.2 Financial liabilities

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

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

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

A financial liability is classified as held for trading if:

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

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

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

2.19.2.2 Financial liabilities subsequently measured at amortised cost

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

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

2.19.2.3 Derecognition of financial liabilities

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

2.19.3 Derivative financial instruments

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

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

2.19.4 Equity instrument

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

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

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

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

2.20 Earnings per share

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

2.21 Significant accounting judgements, estimates and assumptions

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

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

2.21.1 Significant influence over associates

Note 45 describe the entities as associates of the Group as the Group owns:-

a. in Vardhman Special Steels Limited (VSSL):-	27.20 percent ownership interest
b. in Vardhman Spinning and General Mills Limited(VSGM):-	50.00 percent ownership interest
c. in Vardhman Yarns and Threads Limited(VYTL):-	11.00 percent ownership interest

The group has significant influence in over VSSL and VSGM associates above by the

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virtue of ownership interest. However in case of VYTL significant influence is not only by the virtue of ownership interest but also due to contractual right to appoint managing director and no significant business decisions relating to debts restructuring and business restructuring in the above said associate can be implemented without prior approval of the Company.

2.21.2 Control over Joint Venture:-

Vardhman Nisshimboo Garments Limited (VNGL) is a company with a seperate legal entity. There is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights/control on the assets and obligations for the liabilities of the joint arrangement. Accordingly (VNGL) is classified as a joint venture of the Group. See note 45.

2.21.3 Key sources of uncertainty

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

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

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

2.21.4 Defined benefit plans

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

2.21.5 Useful lives of depreciable tangible assets and intangible assets

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

As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company.

During the financial year, the directors determined that the useful lives of certain items of plant and equipment should be different. Based on technical evaluation and market consideration, the Company has, with effect from April 1, 2017, revised the estimated useful of life of general plant and machinery from 7.5 years to 10 years.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is decrease in the depreciation expense in the current financial year by ₹104.20 crore.

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2.21.6 Fair Value measurements and valuation processes

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

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

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

2.21.7 Contingent Liability

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

2.22 Applicablity of new and revised IND AS

Ministry of Corporate affairs has notified Ind AS 115 'Revenue from Contracts with customers', which is effective from April 1, 2018. The new standard outlines a single comprehensive control-based model for revenue recognition and supersedes current revenue recognition guidance based on risks or rewards. The Company is evaluating the requirements of Ind AS 115 and its effect of the financial statements.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

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

	As at March 31, 2018	As at March 31, 2017
Carrying amount of		
Freehold land	92.16	87.02
Buildings	735.15	759.22
Plant and equipment	1,750.29	1,685.29
Furniture and fixtures	7.64	8.49
Vehicles	8.39	10.54
Office equipment	20.96	20.75
Total Property, plant and equipment	**2,614.59**	**2,571.31**
Capital work-in-progress	105.71	49.03
	2,720.30	**2,620.34**

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Gross carrying value							
Balance as at April 1, 2016	66.24	757.71	2,108.48	9.54	11.61	18.71	**2,972.30**
Addition	21.70	65.02	221.53	0.53	2.89	18.45	**330.12**
Disposal / Adjustment	(0.92)	(6.66)	(12.92)	(0.05)	(0.69)	0.06	**(21.17)**
Balance at March 31, 2017	**87.02**	**816.07**	**2,317.09**	**10.02**	**13.81**	**37.22**	**3,281.24**
Addition	5.14	9.55	263.98	0.68	2.10	6.45	**287.90**
Disposal	-	(4.08)	(56.70)	(0.04)	(3.63)	(1.02)	**(65.46)**
Balance at March 31, 2018	**92.16**	**821.54**	**2,524.37**	**10.66**	**12.28**	**42.65**	**3,503.68**
Accumulated depreciation							
Balance as at April 1, 2016	-	27.28	333.55	1.75	1.67	4.72	**368.97**
Depreciation	-	30.16	299.89	1.46	1.87	5.38	**338.76**
Disposal/Adjustment	-	(0.59)	(1.64)	(1.68)	(0.27)	6.37	**2.19**
Balance at March 31, 2017	**-**	**56.85**	**631.80**	**1.53**	**3.27**	**16.47**	**709.92**
Depreciation	-	30.75	195.56	1.53	1.70	6.19	**235.73**
Disposal	-	(1.21)	(53.28)	(0.04)	(1.08)	(0.97)	**(56.57)**
Balance at March 31, 2018	**-**	**86.39**	**774.08**	**3.02**	**3.84**	**21.69**	**889.08**
Carrying amount							
Balance as at April 1, 2016	66.24	730.43	1,774.93	7.79	9.94	13.98	**2,603.32**
Addition	21.70	65.02	221.53	0.53	2.89	18.45	**330.12**
Disposal/Adjustment	(0.92)	(6.07)	(11.28)	1.63	(0.41)	(6.32)	**(23.37)**
Depreciation	-	(30.16)	(299.89)	(1.46)	(1.87)	(5.38)	**(338.76)**
Balance at March 31, 2017	**87.02**	**759.22**	**1,685.29**	**8.49**	**10.54**	**20.75**	**2,571.31**
Addition	5.14	9.55	263.98	0.68	2.10	6.45	**287.90**
Disposal	-	(2.87)	(3.42)	0.00	(2.55)	(0.05)	**(8.89)**
Depreciation	-	(30.75)	(195.56)	(1.53)	(1.70)	(6.19)	**(235.73)**
Balance at March 31, 2018	**92.16**	**735.15**	**1,750.29**	**7.64**	**8.39**	**20.96**	**2,614.59**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

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

Notes on property, plant and equipment

1 Freehold land includes ₹4.38 crore (March 31, 2017 Nil) for the cost of land for which title deeds are yet to be executed in favor of the Company, though the possession thereof has been taken by the Company.

2 Refer to note 18 for information on property, plant and equipment pledged as security by the Company.

3 During the financial year 2017-18, the management had reviewed the useful life of general plant and machinery of textile segment of the Holding Company along with VMT Spinning and Company Limited and had re-estimated that useful life of such plant and machinery should be 10 years instead of 7.5 years. Accordingly,the necessary accounting changes have been done prospectively w.e.f April 1, 2017 as per Ind AS 8 and Ind AS 16.The depreciation expense charged for the year ended March 31, 2018 would have been higher by ₹104.20 crore had the Company continued with previously estimated useful life for general plant and machinery.

4 Buildings includes ₹2.48 crore (march 31, 2017: ₹2.48 crore) cost of residential flats at Mandideep, the land cost of which has not been excluded from this cost. The depreciation for the year has been taken on the entire cost.

3B Other intangible assets

	As at March 31, 2018	As at March 31, 2017
Carrying amount of		
Computer softwares	3.75	5.18
Contribution to CETP	-	0.13
Right to use power lines	0.06	1.43
	3.81	**6.74**

	Computer softwares	Contribution to CETP	Right to use power lines	Total
Gross carrying value				
Balance as at April 1, 2016	10.18	0.63	4.50	**15.31**
Addition	0.65	-	-	**0.65**
Disposal	(0.36)	-	-	**(0.36)**
Balance as at March 31, 2017	**10.47**	**0.63**	**4.50**	**15.60**
Addition	1.28	-	0.06	**1.34**
Balance as at March 31, 2018	**11.75**	**0.63**	**4.56**	**16.94**
Accumulated amortisation				
Balance as at April 1, 2016	2.27	0.46	1.50	**4.23**
Amortisation expenses	3.02	0.04	1.57	**4.63**
Balance as at March 31, 2017	**5.29**	**0.50**	**3.07**	**8.86**
Amortisation expenses	2.71	0.13	1.43	**4.27**
Balance as at March 31, 2018	**8.00**	**0.63**	**4.50**	**13.13**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

3B Other intangible assets (contd..)

	Computer softwares	Contribution to CETP	Right to use power lines	Total
Carrying amount				
Balance as at April 1, 2016	7.91	0.17	3.00	**11.08**
Addition	0.65	-	-	**0.65**
Disposal	(0.36)	-	-	**(0.36)**
Amortisation expenses	(3.02)	(0.04)	(1.57)	**(4.63)**
Balance as at March 31, 2017	**5.18**	**0.13**	**1.43**	**6.74**
Addition	1.28	-	0.06	**1.34**
Amortisation expenses	(2.71)	(0.13)	(1.43)	**(4.27)**
Balance as at March 31, 2018	**3.75**	**-**	**0.06**	**3.81**

Note: These intangible assets are not internally generated

4 Goodwill*

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Deemed Cost	12.54	12.59
Disposal	(0.04)	(0.05)
Carrying Value at the end	**12.50**	**12.54**

* Refer note 2.5

5 Investments in Joint Ventures and Associates

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
5A TRADE INVESTMENTS (at cost/carrying value)		
Financial assets carried at cost		
a. Break up of investments in associates (carrying amount determined using equity method of accounting)		
(i) Investment in Joint Ventures/ associates		
Quoted		
99,35,133 (31 March 2017: 60,51,800) Equity shares of ₹10/- each fully paid up of Vardhman Special Steels Limited	44.51	17.04
Unquoted		
$ 62,69,699 (March 31, 2017: 62,69,699) Equity shares of ₹10/- each fully paid up of Vardhman Yarns & Threads Limited (Refer Note 47.5)	53.62	50.44
71,40,000 (March 31, 2017: 71,40,000) Equity shares of ₹10/- each	(2.20)	(2.38)

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

5 Investments in Joint Ventures and Associates (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
fully paid up of Vardhman Nisshinbo Garments Company Limited		
25,000 (March 31, 2017 : 25,000) Equity shares of ₹10/- each	0.07	0.07
fully paid-up of Vardhman Spinning and General Mills Limited		
b. Investment in preference instruments (unquoted)		
(i) Investment in joint ventures		
1,00,00,000 (March 31, 2017: 1,00,00,000) 10% non-cumulative convertible preference shares of ₹10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited	10.00	10.00
Total 5(A)	**106.00**	**75.17**
5B Other Investment		
Financial assets measured at fair value through other comprehensive income		
(i) Investment in equity instruments (unquoted)		
41,000 (March 31, 2017: 41,000) Equity-Shares of ₹10/- each	0.07	0.06
fully paid-up of Shivalik Solid Waste Management Limited		
(Section 25 Company)		
1,40,625 (March 31, 2017: 1,40,625) Equity shares of ₹10/- each	1.65	1.61
fully paid-up of Nimbua Greenfield (Punjab) Limited		
2,225 (March 31, 2017: 2,225) Equity shares of ₹10/- each fully paid-up of Devakar Investment & Trading Company Private Limited	0.16	0.12
1,647,525 (March 31, 2017: 1,647,525, 1st April 2015: 16,47,525) Equity Shares of Narmada Clean Tech Limited of ₹10/- each fully paid up.	4.33	4.43
Other Investments:-		
III Financial assets measured at fair value through Profit and loss		
(i) Investment in Bonds/ Preference shares/ Debentures/Fixed Maturity Plans (quoted)		
6,660 (March 2017 31, :6,660) 17.38% Non-convertible redeemable cumulative preference shares of ₹7,500/- each fully paid of IL&FS Financial Services Limited	11.19	11.24
820 (March 31, 2017 820) 16.46% Non Convertible Redeemable cumulative Preference Shares of ₹7,500/- each fully paid of IL & FS Financial Services Ltd.	1.36	1.27
10,000 (March 31, 2017:10,000) 16.46% Non-convertible redeemable cumulative preference shares of ₹7,500/- each fully paid of IL&FS Financial Services Limited	16.60	15.66
*NIL (March 31, 2017: 2,500) Principal protected market linked redeemable non-convertible debentures of ₹1,00,000/- each of ECL Finance Limited	-	25.00

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

5 Investments (Non Current) (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
*NIL (March 31, 2017:1,500) Principal protected market linked redeemable non-convertible debentures of ₹1,00,000/- each of IIFL Wealth Finance Limited	-	16.06
*NIL (March 31, 2017: 2,000) Principal protected market linked redeemable non-convertible debentures of ₹1,00,000/- each of IIFL Wealth Finance Limited	-	21.34
100 (March 31, 2017: 100)Principal protected market linked redeemable non convertible debentures of ₹1,000,000/- each of Aspire home Finance ltd	11.68	10.63
100 (March 31, 2017 : Nil) Non-Convertible Debentures of ₹1,000,000 / each of JM Financial Products Limited TR-BE-XX Opt IA &IB BR	10.15	-
150 (March 31, 2017 : Nil) Non-Convertible Debentures of ₹1,000,000 / each of JM Financial Products Limited TR-BL-IV OPT III BR	15.23	-
6,000 (March 31, 2017 : Nil) Non-Convertible Debentures of ₹100,000 / each of ECAP Equities Limited SR-J9J701A	62.19	-
Unquoted		
12,50,000 (31st March 2017: Nil) 8.2% cumulative compulsarily convertible preference shares of Tata motor Finance Limited of ₹200 each	26.99	-
(ii) Investment in mutual funds (Quoted)		
*NIL (March 31, 2017:2,00,00,000) units of ₹10/- each of Reliance fixed horizon fund- XXIX-Series-1 Direct growth plan.	-	23.11
*NIL(March 31, 2017:3,00,00,000) units of ₹10/- each of Reliance fixed horizon fund- XXIX-Series 2- Direct growth plan.	-	34.54
*NIL (March 31, 2017:5,00,00,000) units of ₹10/- each of Kotak Fixed Maturity Plans Series 178 Direct Growth	-	57.46
5,00,00,000 (March 31, 2017 :NIL) units of ₹10/- each of Kotak Fixed Maturity Plans Series 216 Direct Growth	50.66	-
*NIL (March 31, 2017:5,00,00,000) units of ₹10/- each of Birla Sunlife Fixed Term Plan Series MX (1128 Days)	-	57.15
4,00,00,000 (March 31, 2017:NIL) units of ₹10/- each of Birla Sunlife Fixed Term Plan Series MX (1140 Days)	40.35	-
2,50,00,000 (March 31, 2017:2,50,00,000) units of ₹10/- each of Birla Sunlife Fixed Term Plan Series -Growth-Direct (1135 Days)	26.78	25.07
*NIL (March 31, 2017:5,00,00,000) units of ₹10/- each of ICICI Prudential Fixed Maturity Plans Series 77-1129 Days Plan W Direct Plan Cumulative	-	56.58
* NIL(March 31, 2017: 5,00,08,075.344) units of ₹10/- each of Reliance Fixed Horizon Fund-XXIX- Series 8 Direct Growth Plan	-	57.18
* NIL(March 31, 2017:2,20,00,000) units of ₹10/- each of UTI Fixed Term Income Fund Series XXIII-II (1100 Days) Direct Growth Plan	-	25.10

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

5 Investments (Non Current) (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
* NIL (March 31, 2017:1,30,00,000)units of ₹10/- each of Kotak Fixed Maturity Plans Series 180-1099 Days	-	14.72
1,00,00,000 (March 31, 2017:1,00,00,000)units of ₹10/- each of UTI Fixed Term Income Fund Series XXIII-VII (1098 Days) Direct Growth Plan	12.09	11.28
3,00,00,000 (March 31, 2017:3,00,00,000) units of ₹10/- each of Kotak Fixed Maturity Plans Series 191 Direct Growth	35.29	32.94
1,00,00,000 (March 31, 2017:1,00,00,000) units of ₹10/- each of ICICI Prudential Fixed Maturity Plans Series 78-1115 Days Plan X Direct Plan Cumulative	11.75	10.96
2,50,00,000(March 31, 2017:2,50,00,000) units of ₹10/- each of HDFC Fixed Maturity Plans 1114 Days Direct Growth	29.44	27.50
2,50,00,000(March 31, 2017: NIL) units of ₹10/- each of HDFC Fixed Maturity Plans 1115 Days Direct Growth	25.32	-
2,50,00,000 (March 31, 2017:2,50,00,000) units of ₹10/- each of SBI Debt Fund Series- B -36(1131 Days)- Direct Growth	29.21	27.32
2,50,00,000 (March 31, 2017:2,50,00,000) units of ₹10/- each of SBI debt Fund Series - Direct - (1170 Day)Growth	26.83	25.17
1,50,00,000 (March 31, 2017: 1,50,00,000) units of ₹10/- each of UTI Fixed Term Income Fund Series XXIV-XIV (1831 Days)Direct Growth Plan	17.47	16.35
2,50,00,000 (March 31, 2017: 2,50,00,000) units of ₹10/- each of UTI Fixed Term Income Fund Series XXV-11 (1097 Days)Direct Growth Plan	28.40	26.44
3,50,00,000 (March 31, 2017: 3,50,00,000) units of ₹10/- each of Kotak Fixed Maturity Plans Series 202 Direct - Growth	37.43	35.07
*NIL(March 31, 2017: 5,00,00,000) units of ₹10/- each of SBI Debt Fund Series-B (1105 DAYS) Direct Plan Growth Fixed Maturity Plans	-	59.16
* NIL(March 31, 2017: 3,00,00,000) units of ₹10/- each of ICICI Prudential Fixed Maturity Plans Series 76-1108 Days Plan V Direct Plan Cumulative	-	35.61
5,00,00,000 (March 31, 2017: NIL)units of ₹10/- each of SBI Debt Fund Series C10 (1150 DAYS) Direct Plan Growth Fixed Maturity Plans	50.59	-
25,000,000 (March 31, 2017: 25,000,000) units of ₹10/- each of ICICI Prudential Fixed Maturity Plans Series 80-1233 Days Plan O Direct Plan Cumulative	26.87	25.17
25,000,000 (March 31, 2017: 2,50,00,000) units of ₹10/- each of Reliance Fixed Horizon Fund- XXXIII- Series 3- Direct Plan Growth Plan	26.90	25.19
2,50,00,000 (March 31, 2017: 2,50,00,000 0) units of ₹10/- each of Reliance Fixed Horizon Fund- XXXIIV- Series 4- Direct Plan Growth Plan	26.87	25.16
50,000,000 (March 31, 2017 : NIL) units of ₹10/- each of ICICI Fixed Maturity Plan Series 82-1203	50.64	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

5 Investments (Non Current) (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
NIL (March 31, 2017: 50,00,000) units of ₹10/- each of UTI Fixed Term Income Fund Series XXII-VI Growth Plan	-	5.98
26,000,000 (March 31, 2017: Nil) units of ₹10/- each of HDFC Fixed Maturity Plans 1150 Days March 2018 (1) Direct Growth Series -39	26.27	
Nil (March 31, 2017 80,00,000) units of ₹10/- each of DSP Blackrock 3 Years close ended equity fund		11.12
12298.07 (March 31, 2017 Nil) units of ₹1000/- each of DSP Money Manager Fund	2.95	-
50,00,000 (March 31, 2017 Nil) units of ₹10- each of DSP Blackrock Ace direct growth	4.87	-
Total 5(B)	**748.58**	**858.75**
1. Aggregate book value of quoted investments	759.89	869.67
2. Aggregate Market Value of quoted investments	902.41	933.33
3. Aggregate carrying value of unquoted investments	94.69	64.35

* Investments having maturity period of less than 12 months from March 31, 2018 i.e. the balance sheet date have been reclassified as ' Current Investment' during the year.
$ For change in the Company's ownership interest in Vardhman Yarns and Threads Limited refer note no.47.5
^ For change in Company's ownership interest in Vardhman Special Steels Limited

During the financial year 2017-18 the Group has subscribed to 38,83,333 equity shares of Vardhman Special Steels Limited offered through Right Issue at a price of ₹50 per share amounting to ₹19.42 crore.

**Refer Note 37

6A Loans (Non Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortized cost		
Loan to employees	0.59	0.61
	0.59	**0.61**

6B Other financial assets (Non Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortized cost		
Fixed Deposits with banks more than twelve months maturity	1.86	1.94
Interest Receivable	0.23	0.11
Other Recoverable	7.31	8.04
	9.40	**10.09**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

7 Other non current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Non Financial Assets at amortized cost		
(unsecured considered good)		
Capital advances	37.22	23.47
Balance with government authorities	12.82	13.98
Security deposits	27.71	21.18
Unamortised Lease hold land prepayment	18.85	19.09
Prepaid (Deferred) Expense for employee benefit	0.08	0.06
Prepaid expenses-others	0.63	0.63
	97.31	**78.41**

8 Inventories

Particulars	As at March 31, 2018	As at March 31, 2017
(at cost or net realisable value, whichever is lower)		
Raw materials*	1,444.71	991.77
Work-in-progress	150.57	143.22
Finished Goods	509.37	478.85
Stores and Spares*	153.77	139.92
Less: Unrealised profit on consolidation	(1.78)	(0.95)
	2,256.64	**1,752.81**
*above items include goods in transit as per below		
Raw materials	9.38	99.24
Stores and Spares	11.05	14.89
	20.43	**114.13**

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹3,438.28 crore (March 31, 2017: ₹3,015.80 crore)

(ii) The cost of inventory recognised as an expenses includes ₹ NIL crore (March 31, 2017 ₹ NIL crore) in respect of write down of inventory to net realisable value.

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

(iv) The method of valuation of inventories has been stated in note 2.17.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

9 Other investments (Current)**

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets measured at fair value through Profit and loss		
(i) Investment in Liquid Funds (Quoted)		
*NIL (March 31, 2017: 6492.73) units of 1,000/- each of Baroda Pioneer Liquid fund Plan A DDR	-	0.65
NIL (March 31, 2017:26,700.657) units of ₹1,000/- each of Bank of India Axa Liquid Fund -Direct Plan-Growth	-	5.00
NIL (March 31, 2017: 5,17,523.56) units of ₹100/- each of Birla sun life cash plus-Direct Growth	-	13.52
*NIL (March 31, 2017: 0.18) units of ₹1,000/- each of HDFC Cash management funds-Savings plan-Direct Growth	-	0.00
(ii) Investment in Debt Funds/ Monthly Income Plans/Debentures/Bonds/ Preference Shares/Mutual Funds/Fixed Maturity Plans (Quoted)		
5,00,000 (31 March 2017: 5,00,000) Preference Shares of ₹100/- each of L& T Redemable Preference Shares	5.08	5.00
1,27,19,456 (March 31, 2017 : NIL) units of ₹10/- each of ICICI corporate Bond Direct Growth	35.98	-
4,00,00,000 (March 31, 2017: 4,00,00,000) units of ₹10/- each of Kotak Fixed Maturity Plans Series 200 Direct - Growth	42.97	40.25
2,48,58,660.76(March 31, 2017:Nil) units of ₹10/- each of Reliance Corporate Bond fund Direct Plan Growth	35.99	-
2,17,37,240 (March 31, 2017 : NIL) units of ₹10/- each of L&T Short Term Income Fund	41.24	-
NIL (March 31, 2017:1,00,00,000) units of ₹10/- each of SBI debt Fund Series - (400 Day)Regular -Growth	-	12.70
NIL (March 31, 2017:1,50,00,000) units of ₹10/- each of SBI debt Fund Series - Direct - (400 Day)Growth	-	19.31
NIL (March 31, 2017: 2,50,00,000)units of ₹10/- each of SBI debt Fund Series -Direct -(380 Day)Growth	-	32.04
NIL (March 31, 2017: 2,54,82,906) units of ₹10/- each of ICICI Prudential Fixed Maturity Plans Series 73-390 Days Plan I Direct Plan Cumulative	-	32.82
NIL (March 31, 2017:2,50,00,000) units of ₹10/- each of Dsp Blackrock Fixed Maturity Plans-12.5M	-	32.18
NIL (March 31, 2017: 2,50,00,000) units of ₹10/- each of Kotak Fixed Maturity Plans Series 149 Direct - Growth	-	31.99
83,58,827.758 (March 31, 2017: 83,58,827.758) units of ₹10/- each of Kotak Bond (short Term) -Direct Plan Growth	28.14	26.45
NIL (March 31, 2017:2,50,00,000) units of ₹10/- each of Reliance Fixed Horizon Fund XXVI Series 2 Direct Growth Plan	-	32.21

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

9 Other investments (Current)** (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
NIL (March 31, 2017: 2,00,00,000) units of ₹10/- each of Reliance Fixed Horizon Fund- XXV- Series 33- Direct Plan Growth Plan	-	25.71
NIL (March 31, 2017: 83,48,611.292) units of ₹10/- each of Reliance short Term Fund - Direct Growth Plan Growth Option	-	26.38
NIL (March 31, 2017: 2,50,00,000) units of ₹10/- each of BSL Fixed Term Plan -Series KR - Growth Direct	-	32.21
12,49,786.287 (March 31, 2017:12,49,786.287) units of ₹10/- each of Birla Sun life Treasury Optimizer Plan-Growth-Direct Plan	28.05	26.29
NIL (March 31, 2017:95,359.82) units of ₹10/- each of Birla Sun life Floating Rate- Short Term -Growth-Direct Plan	-	2.07
2,43,36,821.61 (March 31, 2017: 2,43,36,821.61) units of ₹10/- each of Idfc Corporate Bond Fund -Direct Plan -Growth Option	29.11	27.30
NIL (March 31, 2017: 3,00,00,000) units of ₹10/- each of UTI Fixed Term Income Fund Series XVIII-I Direct Growth Plan	-	38.54
NIL (March 31, 2017:1,500)Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of ECL Finance limited	-	15.00
NIL (March 31, 2017:1,000) Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of ECL Finance limited	-	11.11
NIL (March 31, 2017:996)Secured redeemable Non convertible Principal protected market linked debentures of ₹1,00,000/- each of Reliance Capital Ltd	-	9.89
NIL (March 31, 2017:1,500)Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of IIFL wealth Finance limited	-	15.90
*NIL (March 31, 2017:100)Bonds of ₹1,000,000/- each of 7.17% NHAI	-	10.14
*NIL (March 31, 2017:81)Bonds of ₹1,000,000/- each of 7.18% NABARD	-	8.13
*NIL (March 31, 2017:5)Bonds of ₹1,000,000/- each of 7.47% PFC	-	0.52
*NIL (March 31, 2017:7)Bonds of ₹1,000,000/- each of 7.50% PFC	-	0.73
*NIL (March 31, 2017:43)Bonds of ₹1,000,000/- each of 7.60% Axis Bank	-	4.40
*NIL (March 31, 2017:50)Bonds of ₹1,000,000/- each of 7.60% ICICI	-	5.15
*NIL (March 31, 2017:71)Bonds of ₹1,000,000/- each of 7.63% PFC	-	7.44
*NIL (March 31, 2017:50)Bonds of ₹1,000,000/- each of 7.95% HDFC Bank	-	5.26
*NIL (March 31, 2017:66)Bonds of ₹1,000,000/- each of 8.22% Daimler financial SR-4	-	6.67
*NIL (March 31, 2017:5)Bonds of ₹1,000,000/- each of 8.38% LIC Housing finance	-	0.52
*NIL (March 31, 2017:100)Bonds of ₹1,000,000/- each of 8.48% LIC Housing finance	-	10.99
NIL (March 31, 2017:60) Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,000,000/- each of Indiabulls housing finance	-	6.04

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

9 Other investments (Current)** (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
NIL (March 31, 2017: 45840.73 0) units of ₹1,000/- each of Reliance Money Manager Fund - Growth	-	10.28
*NIL (March 31, 2017:1,000,000)Bonds of ₹100/- each of Karnataka State development loan	-	10.25
*NIL (March 31, 2017:1,000,000)Bonds of ₹100/- each of Maharashtra State development loan	-	10.18
*500,000 (March 31, 2017: 1,000,000)Bonds of ₹100/- each of 7.77 Kerala State development loan	4.96	10.10
*NIL (March 31, 2017: 5,00,000)Bonds of ₹100/- each of State development loan	-	5.11
*7837.31 (March 31, 2017: NIL) Units of ₹100/- each of Aditya Birla sun life floating rate fund	0.18	-
#2,500 (March 31, 2017:NIL)Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of ECL Finance limited	30.25	-
#1,500 (March 31, 2017:NIL)Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of IIFL wealth Finance limited	17.36	-
#2,000 (March 31, 2017:Nil)Principal protected Market Linked redeemable Non Convertible Debentures of ₹1,00,000/- each of IIFL wealth Finance limited	23.38	-
#2,00,00,000 (March 31, 2017:Nil) units of ₹10/- each of Reliance fixed horizon fund- XXIX-SERIES 1- DIRECT GROWTH PLAN	24.81	-
#3,00,00,000 (March 31, 2017:Nil) units of ₹10/- each of Reliance fixed horizon fund- XXIX-SERIES 2- Direct growth plan	37.07	-
#5,00,00,000 (March 31, 2017:Nil) units of ₹10/- each of Kotak Fixed Maturity Plans Series 178 Direct Growth	61.86	-
#5,00,00,000 (March 31, 2017:Nil) units of ₹10/- each of Birla Sunlife Fixed Term Plan Series MX (1128 Days)	61.19	-
#5,00,00,000 (March 31, 2017:Nil) units of ₹10/- each of ICICI Prudential Fixed Maturity Plans Series 77-1129 Days Plan W Direct Plan Cumulative	61.03	-
#5,00,08,075.344 (March 31, 2017: Nil) units of ₹10/- each of Reliance Fixed Horizon Fund-XXIX- Series 8 Direct Growth Plan	61.34	-
#2,20,00,000 (31 March 2016:Nil) units of ₹10/- each of UTI Fixed Term Income Fund Series XXIII-II (1100 Days) Direct Growth Plan	27.01	-
#1,30,00,000 (March 31, 2017:Nil)units of ₹10/- each of Kotak Fixed Maturity Plans Series 180-1099 Days	15.81	-
#5,00,00,000 (March 31, 2017: Nil) units of ₹10/- each of SBI Debt Fund Series-B (1105 DAYS) Direct Plan Growth Fixed Maturity Plans	63.42	-
#3,00,00,000 (March 31, 2017: Nil) units of ₹10/- each of ICICI Prudential Fixed Maturity Plans Series 76-1108 Days Plan V Direct Plan Cumulative	38.08	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

9 Other investments (Current)** (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
*NIL (March 31, 2017:5,00,000)Bonds of ₹100/- each of 7.64 Haryana State development loan	-	5.02
NIL (March 31, 2017 : 1,000) units of ₹100,000 / each of IIFL Wealth Finance Ltd	-	10.49
NIL (March 31, 2017 :250) units of ₹1,000,000 / each of JM Financial products ltd	-	25.00
NIL (March 31, 2017: 10,000,000) units of ₹10/- each of Reliance Fixed Horizon Fund -XXV-Series 16-Growth Plan	-	12.96
NIL (March 31, 2017 : 25,000,000) units of ₹10/- each of Kotak Fixed Maturity Plans Series 150 Growth	-	32.76
Nil (March 31, 2017: 15,000,000) units of ₹10/- each of UTI Fixed Term Income Fund Series XVIII-I (400 Days) Direct Growth Plan	-	19.27
NIL (31 March 2017: 10,000,000 units of ₹10/- each of DSP Blackrock FTP - Series 44 -36 Month Direct Growth	-	12.64
NIL (31 March 2017: 60,779) units of ₹1,000 /- each of Principal Bank CD Fund-Direct Plan Growth.	-	12.84
21,320,689 (March 31, 2017: 21,320.689) units of ₹10/- each of edelweiss banking (earlier known as JP Morgan Indian banking) and PSU debt fund -Direct plan-Growth option	31.07	29.13
9,690,611 (March 31, 2017: 9,690,611) units of ₹10/ each of Edelweiss Bond (earlier knows as JP Morgan Indian active bond fund -Direct plan) Growth option	18.19	17.54
NIL(31 March 2017: 22,430,779) units of ₹10/ each of Edelweiss Banking(earlier known as JP Morgan Indian banking) and PSU debt fund -Regular plan-Growth option	-	30.33
3,335,393 (March 31, 2017 :3,335,393) units of ₹10/ each of IDFC Dynamic bond fund - Growth -Direct plan	7.21	6.99
NIL(31 March 2017 :781) units of ₹1,000 /- each of Principal Low Duration Fund - Direct Plan Growth	-	0.21
11,831 (March 31, 2017: Nil) units of ₹1000/- each of Principal Cash Management Fund - Direct Plan Growth	2.00	-
16,592 (March 31, 2017: Nil) units of ₹1000/- each of Kotak Floater Short Term - Direct Plan - Growth	4.73	-
13,854,704 (March 31, 2017: Nil) units of ₹10/- each of Axis Enhanced Arbitrage Fund Direct Dividend	15.14	-
5,000,000 (March 31, 2017: Nil) units of ₹10/- each of UTI Fixed Term Income Fund Series XXII-VI Growth Plan	6.50	-
11,350,000 (31 March 2017: 11,350,000) Preference Shares of ₹8/- (31 March 2017: ₹10/-) each of 6% Zee Entertainment Enterprises Limited	8.63	10.73

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

9 Other investments (Current)** (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
22,443 (March 31, 2017 :45510) units of ₹1,000 /- each of SBI Premier Liquid Fund- Dir Plan Growth	6.11	11.62
94 (March 31, 2017 : Nil) Non-Convertible Debentures of ₹1,000,000/ each of JM Financial Products Limited Tranche-AU BR	10.03	-
19,974,912 (March 31, 2017 : Nil) units of ₹10 / each of L & T Resurgent India Corporate Bond Fund Direct Growth	26.69	-
NIL (March 31, 2017 13,07,121.76) units of ₹10/- each of Birla Active Debt MM FoF- Growth	-	2.94
Nil (Previous Year 394.109) Units of ₹1000/- each of SBI PLF Direct Plan Growth	-	0.10
13617.48 (March 31, 2017 Nil) units of ₹10/- each of Birla Advantage fund	0.60	-
22,219.45 (Previous Year Nil) Units of ₹10/- each of Kotak Select Focus Fund Direct Plan Growth	0.08	-
11,70,199.41 (Previous Year Nil) Units of ₹10/- each of Kotak Equity Arbitage Fund Direct Plan Fortnight dividend	2.76	-
1,50,658.98 (Previous Year Nil) Units of ₹10/- each of L&T India Value Fund	0.56	-
27,80,412 (Previous Year Nil) Units of ₹10/- each of L&T Arbitage Opp Fund-Direct Growth	2.85	-
1,000 (Previous Year 1,000) Units of ₹1000/- each of ECL Finance Limited	10.00	10.00
23,55,396 (March 31, 2017 Nil) Units of ₹10 each of Birla Enchanced Arbitrage Fund Direct Dividend Reinvestment	2.63	-
4853 (March 31, 2017 Nil) Units of ₹1000 each of HDFC Liquid Fund Direct Plan Growth	1.68	-
19,22,324 (March 31, 2017 18,27,539.60) units of ₹10/- each of HDFC Arbitrage fund	2.06	1.96
Nil (Previous Year 25392.91) Units of ₹1000/- each of Kotak Floater Short term fund direct plan growth	-	6.78
42,00,000 (March 31, 2017 42,00,000) units of ₹10/- each of UTI Fixed term income fund direct plan growth	4.86	4.52
12400.65 (March 31, 2017 Nil) units of ₹10/- each of Mirae Asset Managment Fund	2.27	-
15,71,36.91 (March 31, 2017 Nil) units of ₹10/- each of Mirae Asset India Equity Fund	0.74	-
6146 (March 31, 2017 Nil) units of ₹1000/- each of HDFC Cash Management Savings-Dividend Distribution	0.65	-
(iii) Investment in preference shares (unquoted)		
10,00,000 (March 31, 2017: 10,00,000) 3% cumulative compulsorily convertible Preference Shares of ₹100/- each of TATA Motors Finance Ltd.	11.60	10.00

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for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

9 Other investments (Current)** (contd..)

Particulars	As at March 31, 2018	As at March 31, 2017
(iv) Investment in equity share (quoted)		
4400 (March 31, 2017 Nil) shares of ₹5 each of Axiscades Engineering Technologies Ltd	0.07	-
7182 (March 31, 2017 Nil) shares of ₹1 each of Balrampur Chini Mills Ltd	0.11	-
751(March 31, 2017 Nil) shares of ₹10 each of Bharat Bijlee Ltd	0.11	-
5700(March 31, 2017 Nil) shares of ₹10 each of Central Depository Services (India) Limited	0.20	-
2556(March 31, 2017 Nil) shares of ₹10 each of Deepak Fertilisers & Petrochemicals Corporation Ltd	0.10	-
3210(March 31, 2017 Nil) shares of ₹2 each of Gujarat Ambuja Exports Ltd	0.06	-
5689(March 31, 2017 Nil) shares of ₹10 each of Heidelberg Cement India Ltd	0.09	-
8700(March 31, 2017 Nil) shares of ₹2 each of Jindal Saw Ltd	0.10	-
2087(Previous Year Nil) Units of ₹1 each of K R B L Ltd	0.12	-
2900(Previous Year Nil) Units of ₹2 each of KEC International Ltd	0.10	-
1450(Previous Year Nil) Units of ₹10 each of Lumax Auto Technologies Ltd	0.11	-
2500(Previous Year Nil) Units of ₹10 each of Narayana Hrudayalaya Ltd	0.07	-
900(Previous Year Nil) Units of ₹2 each of Ratnamani Metals & Tubes Ltd	0.09	-
1754(Previous Year Nil) Units of ₹1 each of Shilpa Medicare Ltd	0.11	-
440(Previous Year Nil) Units of ₹10 each of SRF LTD	0.09	-
2625(Previous Year Nil) Units of ₹10 each of Surya Roshni Ltd	0.10	-
1650(Previous Year Nil) Units of ₹10 each of Tata Elxsi Ltd	0.18	-
7044(Previous Year Nil) Units of ₹2 each of Titagarh Wagons Ltd	0.12	-
75,400 (March 31, 2017 :1,50,800) Equity Shares of ₹10 /-each fully paid up of Hindustan Petroleum Corporation Ltd.	2.60	7.93
NIL (March 31, 2017 :8,06,000) Equity shares of ₹10 /- each fully paid up of Rural Electrification Corporation Limited	-	14.58
13,04,645 (March 31, 2017 :13,04,645) Equity shares of ₹1 /- each fully paid up of Welspun India Limited	7.57	11.41
26,000 (March 31, 2017 :26,000) Equity shares of ₹10 /-each fully paid up of Trident Limited	0.15	0.22
1,46,000 (31st March 2017: NIL) equity shares of ₹10 each fully paid of Reliance Industries Limited of ₹10 each	12.89	-
	979.09	**934.40**
1. Aggregate amount of quoted investments	967.49	924.40
2. Aggregate market value of quoted investments	967.49	924.40
3. Aggregate amount of unquoted investment	11.60	10.00

* These Investments are made through portfolio management services

Investments having maturity period of less than 12 months from 31st March 2018 i.e. the balance sheet date have been reclassified as ‘ Current Investment’ during the year.

** Refer note 37

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

10 Trade receivables*

Particulars	As at March 31, 2018	\As at March 31, 2017
Receivable from related parties (Refer Note 45)		
- Unsecured, considered good	6.68	2.13
Receivable from others		
- Unsecured, considered good	750.85	731.37
- Doubtful	5.02	5.02
Less: Allowances for doubtful trade receivables	(5.02)	(5.02)
	757.53	**733.50**

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

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

The Group follows simplified approach for recognition of impairment loss allowance on trade recievables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.. The expected credit loss allowance is based on the ageing of the days the receivable are dues and rates as given in the provision matrix. The provision matrix at the end of reporting period is as follows:-

	Expected Credit Loss	
Particulars	**As at March 31, 2018**	**As at March 31, 2017**
(i) Ageing		
Less than 180 days	-	-
More than 180 days	5.02	5.02
	5.02	**5.02**
(ii) Age of Receivables:		
Less than 180 days	749.19	724.70
More than 180 days	8.34	8.80
	757.53	**733.50**

Particulars	As at March 31, 2018	As at March 31, 2017
Movement in expected credit loss allowance		
Balance at the beginning of the year	5.02	2.08
Movement in expected credit loss allowance	-	2.94
Balance at the end of the year.	**5.02**	**5.02**

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

* Refer note 37

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

11 Cash and cash equivalents#

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

Particulars	As at March 31, 2018	As at March 31, 2017
a) Balances with banks		
- In current accounts	68.03	32.01
- In deposit accounts with maturity upto three months	0.01	9.80
b) Cheques on hand	2.20	0.19
c) Cash on hand	0.14	0.29
	70.38	**42.29**

#Refer note 37

11A Bank balances other than cash and cash equivalents#

Particulars	As at March 31, 2018	As at March 31, 2017
a) Other bank balances		
- Earmarked balances with banks*	3.05	2.03
- Deposits with more than twelve months maturity	1.86	1.94
- Deposits with more than three months but less than twelve months maturity	0.33	0.33
	5.24	**4.30**
Less: Amounts disclosed as other financial non current assets (Refer note 6)	1.86	1.94
	3.38	**2.36**

* Earmarked balances with banks includes ₹3.03 crore (March 31, 2017: ₹2.02 crore) pertaining to dividend accounts with banks and ₹0.02 crore (March 31, 2017:₹0.01 crore) pledged with government authorities and others.

Refer note 37

12 Loans (Current)#

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortized cost		
Loans to related parties (Refer note 45)		
(Unsecured and considered good)		
- Others	26.99	26.99
Loan to employees	2.81	2.72
	29.80	**29.71**

Refer note 37

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

13 Other financial assets (Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets at amortized cost		
Recoverable from related parties (Refer Note 45)	0.03	0.03
Interest receivables	1.03	8.50
Claims receivable	0.23	0.74
Other Recoverable	14.97	8.47
Margin money	-	8.66
Financial assets at Fair value through Profit and loss		
Derivative Financial Instruments*	2.09	-
	18.35	**26.40**

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

These derivative financial instruments are not designated as FVTOCI hedging instruments as they do not meet the required criteria.

14 Current tax

Particulars	As at March 31, 2018	As at March 31, 2017
Current tax assets (net)		
Taxes paid (net)	78.41	21.26
Current tax liabilities (net)		
Income-tax payable (net)	10.93	-

15 Other current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Amount recoverable from Mahavir Share Trust in respect of shares held in Trust (Refer note 39)	4.65	3.60
Advances to suppliers	86.72	106.05
Unamortised Lease hold land prepayments	0.08	0.08
Balance with government authorities	203.99	67.41
Prepaid (Deferred) Expense for employee benefit	0.11	0.12
Prepaid expenses others	5.26	4.97
Other recoverables :		
- Considered good	51.21	113.44
- doubtful	0.03	0.03
Less: Allowances for doubtful other recoverables	(0.03)	(0.03)
	51.21	**113.44**
	352.02	**295.67**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

16 Equity share capital

	As at March 31, 2018	As at March 31, 2017
Authorised share capital:		
9,00,00,000 equity shares of ₹10 each (March 31, 2017: 9,00,00,000 equity shares of ₹10 each)	90.00	90.00
1,00,00,000 redeemable cumulative preference shares of ₹10 each (March 31, 2017: 1,00,00,000 redeemable cumulative preference shares of ₹10 each)	10.00	10.00
	100.00	**100.00**
Issued, subscribed and fully paid up share capital comprises:		
5,64,29,987 equity shares of ₹10 each (March 31, 2017: 5,49,05,335 equity shares of ₹10 each)	56.43	54.91
	56.43	**54.91**

16.1 Rights, preference and restriction attached to equity shares

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

16.2 Rights, preference and restriction attached to preference shares

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

16.3 As at March 31, 2018, senior employees of the Company were offerred 6,14,000 options (option to vest equity shares as per employee stock options scheme 2016, for details refer note 44). The vesting for due options began from current financial year and 61,400 options/shares during the year. Out of these, 42,450 shares/options have been excercised. Share options granted under Company's employee share option plan carry right to dividend and voting rights at par with other equity holders.

16.4 Reconciliation of number of shares

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	5,63,67,537	56.37	6,25,17,879	62.52
Less: Buyback of shares (including of 1,36,539 nos. of shares held through trust. Also refer note 16)	-	-	(6,150,342)	(6.15)
	5,63,67,537	56.37	**56,367,537**	**56.37**
Less:- Own shares held through trust	-	-	(1,462,202)	(1.46)
Add:- Sale of Holding Company shares by subsidary	20,000	0.02		
Add:- Issue of equity shares under employee stock option plan (Refer note 44)	42,450	0.04	-	-
Balance as at the end of the year	**56,429,987**	**56.43**	**54,905,335**	**54.91**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

16.5 Details of shares held by the holding Company

There is no holding / ultimate Company of the Company

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

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% holding	Number of shares	% holding
Devakar Investment and Trading Company Private Limited	6,192,786	10.78%	6,192,786	10.79%
Adishwar Enterprises LLP	10,318,863	17.97%	11,413,130	19.89%
Vardhman Holdings Limited	15,314,517	26.66%	14,067,671	24.51%

16.7 The Board of Directors of the Company at its meeting held on September 24, 2016 approved the buyback of upto 62,60,869 fully paid up equity shares of ₹10 each, at a price not exceeding ₹1175/- payable in cash through the Tender Offer route, upto an aggregate amount not exceeding ₹720 crore from the open market through Stock Exchange(s). During the previous year, the Company had bought back and extinguished 62,60,869 equity shares of ₹10 each at price of ₹1150/-. Consequently, ₹6.26 crore were transferred to capital redemption reserve as per the requirements of Section 69 of the Companies Act, 2013.

17 Other equity

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Share application money pending allotment	0.55	-
Capital reserve	-	-
Statutory Reserve	7.68	5.63
Capital redemption reserve	40.43	40.43
Security premium	4.91	-
Debenture redemption reserve	17.81	-
Share options outstanding account	10.57	-
General reserve	1,463.84	1,463.84
Retained earnings	3,348.69	2,705.63
Equity instrument through other comprehensive income	2.79	2.79
	4,897.27	**4,218.32**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

17 Other equity (contd..)

	Share application money pending allotment	Reserves and Surplus								Item of other comprehensive income	Total
		Capital reserve	Statutory Reserve U/s 45 IC of RBI	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance at April 1, 2016	**-**	**-**	**3.68**	**21.52**	**209.91**	**-**	**-**	**1,955.57**	**1,745.46**	**2.83**	**3,938.97**
Profit for the year	-	-	-	-	-	-	-	-	981.41	-	981.41
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	(0.38)	(0.04)	(0.42)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**981.03**	**(0.04)**	**980.99**
Transfer to Statutory Reserve & Capital redemption reserve on account of buyback of equity shares	-	-	-	-	-	-	-	-	(20.86)	-	(20.86)
Transfer from Retained Earnings	-	-	1.95	-	-	-	-	-	-	-	1.95
Transfer from Retained Earnings on account of buyback of equity shares	-	-	-	18.91	-	-	-	-	-	-	18.91
Premium on buy back of shares(Net of premium relating to own shares held by trust)	-	-	-	-	(209.91)	-	-	(491.73)	-	-	(701.64)
Balance at March 31, 2017	**-**		**5.63**	**40.43**	**-**	**-**	**-**	**1,463.84**	**2,705.63**	**2.79**	**4,218.32**
Profit for the year	-	-		-	-	-	-	-	581.19	-	581.19
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	1.57	-	1.57
Total comprehensive income for the year	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**581.76**	**-**	**582.76**
Final Equity Dividend for the financial year 2016-17 (Amount ₹15 per share)	-	-	-	-	-	-	-	-	(84.56)	-	(84.56)
Tax on Dividend	-	-	-	-	-	-	-	-	(18.24)	-	(18.24)
Dividend on shares held through trust	-	-	-	-	-	-	-	-	2.19	-	2.19
Profit on sales of shares held through trust (Refer note 39)	-	-	-	-	-	-	-	-	180.77	-	180.77
Employee stock options accured upto March 2018 (Refer note 44)	-	-	-	-	-	-	12.07	-	-	-	12.07
Transfer to equity shares due to issue of employee stock options (Refer note 44)	-	-	-	-	-	-	(1.50)	-	-	-	(1.50)

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

17 Other equity (contd..)

	Share application money pending allotment	Reserves and Surplus								Item of other comprehensive income	Total
		Capital reserve	Statutory Reserve U/s 45 IC of RBI	Capital redemption reserve	Security premium	Debenture redemption reserve	Share options outstanding account	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Securities premium on shares under Employee stock options	-	-	-	-	4.91	-	-	-	-	-	4.91
Transfer to debenture redemption reserve on account of issue of debentures	-	-	-	-	-	17.81	-	-	(17.81)	-	-
Transfer to Statutory Reserve under 45-IC of RBI Act	-	-	-	-	-	-	-	-	(2.05)	-	(2.05)
Transfer from Retained Earnings	-	-	2.05	-	-	-	-	-	-	-	2.05
Share Application Money received pending allotment under employee stock options.	0.55	-	-	-	-	-	-	-	-	-	0.55
Balance at March 31, 2018	**0.55**		**7.68**	**40.43**	**4.91**	**17.81**	**10.57**	**1,463.84**	**3,348.69**	**2.79**	**4,897.27**

a. Share application money pending allotment and share option outstanding account

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

b. Capital reserve

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

c. Capital redemption reserve

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

d. Securities premium

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

17 Other equity (contd..)

e. Debenture redemption reserve

The Company has issued non convertible debentures in Financial Year 2017-18 and as per the provisions of the Companies Act, 2013, it is required to create debenture redemption reserve out of the profits available for payment of dividend.

f. General reserve

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

g. Retained earnings

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

h. Equity instrument through other comprehensive income

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

18 Borrowings (Non Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured - at amortised cost		
Term loans		
From banks*	1,000.49	1,172.04
Less: Current maturities (refer note-25)	290.52	429.34
	709.97	**742.70**
Debentures		
Series A 7.59% 1,500 Debentures of ₹10,00,000/-each	150.00	-
Series B 7.69% 1,500 Debentures of ₹10,00,000/-each	150.00	-
Series C 7.75% 1,998 Debentures of ₹10,00,000/-each	199.80	-
Total	**1,209.77**	**742.70**

* Net of unamortized processing charges: March 31, 2018: ₹1.84 crore (March 31, 2017 1.85 crore)

(a) Term loans from banks are secured by mortgage created or to be created on all the immovable assets of the Company, both present and future and hypothecation of all movable assets including inventories, trade receivables, movable machinery, machinery parts, tools and accessories and other movable both present and future, subject to charges created or to be created in favour of the bankers for securing the working capital limits. Refer Note 47.2.

(b) The Company has issued secured, rated listed Redeemable Non-convertible Debentures (NCDs) aggregating to ₹499.80 crore for cash at par on private placement basis on September 8, 2017. The NCDs are listed at the Bombay Stock Exchange of India (BSE) and comprise of three series repayable in third, fourth and fifth years and have an overall yield of 7.69% per annum.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
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18 Borrowings (Non Current) (contd..)

CRISIL has assigned a rating of AA+ with Stable outlook to the said NCDs of the Company on August 18, 2017. The NCDs shall be secured by way of a first pari passu charge over the immovable and movable fixed assets of the Company and it should have fixed asset cover of more than 105% of outstanding amount of NCDs.

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

18 (d) Terms of repayment of loan/debentures

Loan Category	Frequency of principal repayments	Interest rate	Repayments during			
			FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-24**
Term loans	Quarterly Payments	*8.45% to 9.98%	290.52	312.70	57.40	339.87
7.59% Series A Non-convertible debentures	Yearly	7.59%	-	-	150.00	-
7.69% Series A Non-convertible debentures	Yearly	7.69%	-	-	-	150.00
7.75% Series A Non-convertible debentures	Yearly	7.75%	-	-	-	199.80
			290.52	**312.70**	**207.40**	**689.67**

* Also refer note 34
** From Financial year 2020-21 to financial year 2023-24.

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

19 Other financial liabilities (Non Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Financial liabilities at amortized cost		
Retention money	0.65	0.49
	0.65	**0.49**

20 Provisions (Non Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits :		
- Leave encashment (Refer note 46)	7.69	9.56
- Gratuity		0.13
	7.69	**9.69**

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

21 Deferred tax liabilities (net)*

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting year	298.31	293.80
	298.31	**293.80**
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowable for tax purposes on payment basis	26.04	22.61
MAT Credit Recoverable	16.65	15.50
	42.69	**38.11**
	255.62	**255.69**

* Refer note 36

22 Other non-current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Income for Capital subsidy	22.14	19.86
Due to employees	0.04	0.05
Other	-	1.12
Total	**22.18**	**21.03**

The deferred revenue arises as a result of the benefits received from state government on account of installation of specified project assets whereby such grant is treated as deferred income and is recognized as income over the useful life of the assets for which such grant is received.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

23 Borrowings (Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Loans repayment on demand		
- From banks (secured at amortised cost)	758.80	1,027.60
- From banks (unsecured at amortised cost)	62.39	38.72
Total	**821.19**	**1,066.32**

a. Details of security for working capital borrowings

Working capital borrowings from banks are secured by way of hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future fixed assets of the Company.

b. Includes Nil (March 31, 2017: Nil) for commercial paper issued by the Company. The maximum amount outstanding during the year is ₹1385.64 crore (FY 2016-17: ₹1136.24 crore)

24 Trade payables*

Particulars	As at March 31, 2018	As at March 31, 2017
Trade payables (refer note 42)		
Due to micro and small enterprises	-	0.50
Due to other than micro and small enterprises	235.39	239.89
Due to related parties (Refer Note 45)	4.47	4.76
Total	**239.86**	**245.15**

* Refer Note 37

25 Other financial liabilities (Current)**

Particulars	As at March 31, 2018	As at March 31, 2017
Financial liabilities at amortized cost		
Current maturities of non current debt	290.52	429.34
Interest accrued but not due on borrowings	24.87	1.64
Other payables		
- Retention money	7.00	9.22
- Security deposits	2.18	1.74
- Expense payable	87.68	97.36
- Payables for purchase of fixed assets	0.21	7.49
- Due to employees	69.40	71.08

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

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

Particulars	As at March 31, 2018	As at March 31, 2017
Financial liabilities at Fair value through Profit and loss		
Derivative Financial Instruments*	7.40	-
Total	**489.26**	**617.87**

** Refer note 37

* This includes net mark to market loss of ₹1.92 crore (March 31, 2017 : Nil) on commodities traded through stock exchange.

The Company has taken future contracts to hedge against fluctuation of cotton prices during the year and has booked mark to market loss on these contracts in head other expenses (Refer note no 35)

26 Provisions (Current)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits : (Refer note 46)		
Leave encashment	3.19	1.99
Gratuity	2.28	2.66
	5.47	**4.65**

27 Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory remittances*	42.14	50.41
Deferred Income for Capital subsidy	2.02	1.85
Unpaid dividends **	3.03	2.02
Advances from customers	50.07	77.58
Other Liabilities	21.73	20.18
Total	**118.99**	**152.04**

* Statutory remittances includes contribution to provident fund and Employee state insurance corporation, tax deducted at source,excise duty,VAT/sales tax,service tax, goods and service tax etc.

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

28 Revenue from operations

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products (Net of Rebate & Discount and including excise duty)	6,157.55	5,893.11
Sale of services	0.87	3.59
Other operating revenues :		
- Export benefits*	78.05	115.36
- Others	11.80	17.89
	6,248.27	**6,029.95**
# The following is an analysis of the companies revenue from its products and services		
Sale of Yarn	3,405.21	3,489.73
Sale of Fabric	2,119.42	2,068.59
Arcylic Fibre	251.76	192.84
Service income	0.87	3.59
Others (Sale of scrap, waste etc)	392.96	159.84
	6,170.22	**5,914.59**
* Export benefits are in the nature of government grants covering following benefits		
(a) Merchandise Exports from India Scheme(MEIS)	62.53	100.50
(b) Duty drawback benefits	15.52	14.86
	78.05	**115.36**

29 Other income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Interest income		
Interest income	19.01	35.73
Interest income on employee loans	0.11	0.12
(b) Dividend income		
Dividend Income from investment carried at cost	-	-
Dividend income from investments- carried at fair value through Profit or Loss	7.29	16.36
(c) Other Non Operating Income (Net of Expenses directly attributable to such income)		
Net gain on sale of investments-carried at fair value through Profit or Loss (net of reversal of fair valuation on disposal of investment)	34.96	28.86
Gain on sale of investment in joint venture - carried at cost (Refer note 47.5)	-	252.24
Gain on fair valuation of Investments	86.84	99.68

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

29 Other income (contd..)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(d) Other gain		
Claims received (net of expenses)	1.52	1.69
Provisions no longer required written back	8.38	3.61
Capital subsidy	1.83	1.89
Net gain on disposal of property, plant and equipment	4.81	64.15
Foreign exchange fluctuation gain (net)	9.12	26.61
Others	23.48	22.92
	197.35	**553.86**

30 Cost of materials consumed

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cotton	2,669.03	2,324.16
Manmade fibre	501.97	495.01
Acrylonitrile - Consumption	206.97	142.71
Yarn	7.35	23.36
Fabric	34.80	13.56
Others	18.16	17.00
	3,438.28	**3,015.80**

31 Purchases of Stock-in-trade:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Yarn	2.64	0.03
Fabric	-	0.29
Others	1.51	5.07
	4.15	**5.39**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the beginning of the year		
Work-in-progress	143.22	114.04
Finished goods	478.85	417.21
	622.07	**531.25**
Inventories at the end of the year		
Work-in-progress	150.57	143.22
Finished goods	509.37	478.85
	659.94	**622.07**
	(37.87)	**(90.82)**

33 Employee benefits expense *

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages	453.90	429.68
Contribution to provident and other funds	46.50	42.63
Staff welfare expenses	5.86	6.54
	506.26	**478.85**

* Also refer note 46

34 Finance costs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense*	106.86	115.33
Other borrowing costs	11.33	13.35
	118.19	**128.68**

*Interest expense is net of interest reimbursement of ₹43.56 crore (March 31, 2017 ₹60.33 crore) under Technology upgradation fund scheme and ₹12.59 crore (March 31, 2017 ₹28.04 crore) under Madhya Pradesh state interest reimbursement on term loan.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

35 Other expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Power and fuel	627.09	596.13
Consumption of stores and spare parts	39.04	39.25
Packing materials and charges	78.58	81.87
Dyes and Chemical consumed	186.43	187.83
Rent	2.12	2.29
Repairs and maintenance to buildings	20.67	36.39
Repairs and maintenance to machinery	175.63	167.89
Insurance	5.61	6.92
Rates and taxes	6.51	4.77
Auditors remuneration:		
- Audit fee	0.53	0.41
- Tax audit fee	0.09	0.10
- Reimbursement of expenses	0.17	0.13
- In other capacity	0.06	0.05
Bad debts written off	0.46	3.59
Excise duty consumed on sale of goods	5.85	32.50
Allowances for doubtful trade receivables and advances	-	2.74
Forwarding charges and octroi	113.45	94.63
Commission to selling agents	45.17	50.51
Assets written off	3.39	4.38
Other miscellaneous expenses (Refer note 47.3)	123.64	109.05
	1,434.49	**1,421.43**

36 Tax balances

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

36 Tax balances (contd..)

36.1 Deferred tax liabilities (Net)

	Opening Balance	Recognised in profit or loss	Closing Balance
2017-18			
Deferred tax assets			
Expenses deductible in future years	20.87	3.41	24.28
Provision for doubtful debts / advances	1.74	0.02	1.76
MAT credit recoverable	15.50	1.15	16.65
Others	-		
	38.11	**4.58**	**42.69**
Deferred tax liabilities			
"Property, plant and equipment and Intangible assets"	223.31	39.83	263.14
Investment in bonds, mutual funds and equity instruments	70.03	(35.31)	34.72
Others	0.46	(0.01)	0.45
	293.80	**4.51**	**298.31**
Net deferred tax liabilities	**255.69**	**(0.07)**	**255.62**

(₹ in crore)

	Opening Balance	Recognised in profit or loss	Closing Balance
2016-17			
Deferred tax assets			
Expenses deductible in future years	16.60	4.27	20.87
Provision for doubtful debts / advances	0.79	0.95	1.74
MAT credit recoverable	3.10	12.40	15.50
Others			
	20.49	**17.62**	**38.11**
Deferred tax liabilities			
Property, plant and equipment and Intangible assets	219.13	4.18	223.31
Investment in bonds, mutual funds and equity instruments	34.53	35.50	70.03
Others	1.48	(1.02)	0.46
Defined benefit obligation			
	255.14	**38.66**	**293.80**
Net deferred tax liabilities	**234.65**	**21.04**	**255.69**

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

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for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

36 Tax balances (contd..)

36.2 Income tax recognised in profit or loss

(₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax		
In respect of the current year	165.01	302.64
Deferred tax		
In respect of the current year	2.18	21.03
Total income tax expense recognised	**167.19**	**323.67**

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

(₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	759.63	1,317.94
Tax at the Indian Tax Rate of 34.608 %	262.33	448.36
Differential tax rate on capital gain on sale of investments	(24.25)	(48.01)
Effect of exempted dividend income	(6.88)	(5.30)
Effect of indexation benefit on value of investment	(18.81)	(39.89)
Effect of deduction under section 80-IA and 80-IC of the Income-tax Act, 1961	(35.88)	(34.56)
Effect of deduction under section 32-AC of the Income-tax Act, 1961	-	(10.25)
Effect of brought forward long term capital losses	-	(10.78)
Effect of expenses that are not deductible in determining taxable profit	2.61	0.94
Effect of change in tax rate	2.11	-
Others	(14.04)	23.16
	167.19	**323.67**

36.3 Income tax recognised in other comprehensive income

(₹ in crore)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Arising on income and expenses recognised in other comprehensive income	0.86	(0.19)
Total income tax recognised in other comprehensive income	**0.86**	**(0.19)**

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for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

37 Financial instruments and risk management

37.1 Capital management

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

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

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

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

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

(₹ in crore)

Particulars	As at March 31, 2018	As at March 31, 2017
Debt	2,321.48	2,238.36
Cash & cash equivalents	70.38	42.29
Net Debt	**2,251.10**	**2,196.07**
Total Equity	**4,953.70**	**4,273.23**
Net debt to equity ratio	**0.45**	**0.51**

37.2 Financial instruments by category

Particulars	As at March 31, 2018				As at March 31, 2017			
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTOCI	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTOCI
Financial Assets								
Investments*	1,721.45	-	-	6.21	1,786.93	-	-	6.22
Trade Receivables	-	-	757.53	-	-	-	733.50	-
Cash and cash equivalents	-	-	70.38	-	-	-	42.29	-
Bank balances other than above	-	-	3.38	-	-	-	2.36	-
Loans	-	-	30.39	-	-	-	30.32	-
Other financial assets	-	2.09	25.66	-	-	-	36.49	-
	1,721.45	**2.09**	**887.34**	**6.21**	**1,786.93**	**-**	**844.96**	**6.22**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

37 Financial instruments and risk management (contd..)

Particulars	As at March 31, 2018			As at March 31, 2017		
	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#	FVTPL	Fair Value (Derivative Instruments)	Amortised Cost#
Financial Liabilities						
Borrowings (including current maturity of term loan)	-	-	2,321.48	-	-	2,238.36
Trade Payables	-	-	239.86	-	-	245.15
Other financial liabilities	-	7.40	191.99	-	-	189.02
	-	**7.40**	**2,753.33**	**-**	**-**	**2,672.53**

Carrying value of the financial assets and financial liabilities designated at amortised cost approximates its fair value.
* Investment value excludes investment in Associates/Joint ventures of ₹106.00 crore (March 31, 2017: ₹75.17 crore) which are shown at cost in balance sheet as per Ind AS 27 "Separate Financial Statements".

Fair value hierarchy

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

As at March 31, 2018

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in mutual funds/bonds/ preference shares	341.64	1,356.60	-	**1,698.24**
Foreign currency / commodity forward contracts	-	2.09	-	**2.09**
Quoted equity instruments	23.22	-	-	**23.22**
Unquoted equity instruments	-	-	6.21	**6.21**
	364.86	**1,358.69**	**6.21**	**1,729.76**
Financial Liabilities				
Foreign currency / commodity forward contracts	-	7.40	-	7.40
	-	**7.40**	**-**	**7.40**

As at March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in mutual funds/bonds/ preference shares	370.04	1,382.75	-	**1,752.79**
Quoted equity instruments	34.14	-	-	**34.14**
Unquoted equity instruments			6.22	**6.22**
	404.18	**1,382.75**	**6.22**	**1,793.15**
Financial Liabilities				
	-	**-**	**-**	**-**

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37 Financial instruments and risk management (contd..)

Level 1:

Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market. This category consists of open ended mutual funds.

Level 2:

Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly. This level of hierarchy consists of over the counter (OTC) derivative contracts.

Level 3:

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

Sensitivity of Level 3 financial instruments are insignificant

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

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

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

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

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

Reconciliation of Level 3 fair value measurements

	Unlisted equity instruments
As at April 1, 2016	**6.16**
Purchases	-
Gain / (loss) recognised in OCI	0.06
As at March 31, 2017	**6.22**
Purchases	-
Gain / (loss) recognised in OCI	(0.01)
As at March 31, 2018	**6.21**

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37 Financial instruments and risk management (contd..)

37.3 Financial risk management

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

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

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

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

37.3.1 Market risk

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

A. Foreign currency risk management

The Company operates internationally and business is transacted in several currencies. The export sales of Company comprise around 38% of the total sales of the Company, Further the Company also imports certain assets and material from outside India. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the Company is exposed to foreign currency risk and the results of the Company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than Company's functional currency.

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

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

As at March 31, 2018

	USD	EUR	CHF	GBP	JPY
Financial assets					
Trade receivables	5.33	0.36	-	-	-
Foreign exchange derivative contracts*	(7.55)	(0.68)	-	-	-
Net exposure to foreign currency risk (assets)	-	-	-	-	-
Financial liablities					
Trade payables	0.60	0.18	0.05	-	13.77
Borrowings	-	-	-	-	-
Foreign exchange derivative contracts*	(3.84)	(0.54)	(0.22)	-	(54.10)
Net exposure to foreign currency risk (assets)	-	-	-	-	-
Net exposure to foreign currency risk (net)	-	-	-	-	-

Notes to Consolidated Financial Statements

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37 Financial instruments and risk management (contd..)

As at March 31, 2017

	USD	EUR	CHF	GBP	JPY
Financial assets					
Trade receivables	5.38	0.42	-	-	-
Foreign exchange derivative contracts*	(5.29)	(0.42)	-	-	-
Net exposure to foreign currency risk (assets)	**0.09**	**-**	**-**	**-**	**-**
Financial liablities					
Trade payables and other financial liablities	0.43	0.08	0.08	-	6.15
Borrowings					
Foreign exchange derivative contracts*	(0.43)	(0.08)	-	-	(4.52)
Net exposure to foreign currency risk (assets)	**-**	**-**	**0.08**	**-**	**1.63**
Net exposure to foreign currency risk (net)	**0.09**	**-**	**(0.08)**	**-**	**(1.63)**

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

Foreign currency sensitivity analysis

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

Particulars	**Year ended March 31, 2018***		**Year ended March 31, 2017**	
	₹ strengthens by 10%	**₹ weakens by 10%**	**₹ strengthens by 10%**	**₹ weakens by 10%**
Impact on profit /(loss) for the year				
USD	-	-	0.60	(0.60)
EUR	-	-	-	(-)
CHF	-	-	0.51	(0.51)
GBP	-	-	-	-
JPY	-	-	0.09	(0.09)

*Forex exposure is fully hedged at March 31, 2018

Foreign exchange derivative contracts

The Company uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The Company's Corporate Treasury team measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency cash flows by appropriately hedging the transactions. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. All identified exposures are managed as per the policy duly approved by the Board of Directors.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

37 Financial instruments and risk management (contd..)

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

Outstanding Contracts*	No of Deals		Foreign Currency (FCY Crore)		Nominal Amount (₹ Crore)	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD / INR Buy forward	37	43	3.68	3.07	243.81	205.22
USD / INR Sell Option	2	3	0.60	0.30	38.24	20.50
USD / INR Buy Option	1	7	0.16	1.51	10.40	100.41
USD / INR Sell forward	124	105	6.95	5.22	456.94	363.74
EUR / USD Sell forward	-	6	-	0.36	-	25.37
EUR / USD Buy forward	1	2	0.19	0.06	15.51	4.30
EUR / INR Buy forward	5	4	0.35	0.05	27.89	3.67
EUR / INR Sell forward	27	14	0.68	0.41	54.60	30.04
JPY/INR Buy forward	1	2	54.10	4.52	31.90	2.65
USD/JPY buy forward	-	1	-	5.08	-	3.02
USD/CHF Buy forward	1	2	0.22	0.05	15.36	3.55
CHF/INR Buy Forward	1	-	0.02	-	1.42	-
Fair value assets /(liabilities)					(3.39)	-

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

B. Interest rate risk management

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

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

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

	Year ended March 31, 2018	Year ended March 31, 2017
	₹ loans interest rate decreases by 1 %	₹ loans interest rate decreases by 1 %
Increase in profit before tax by	23.21	22.38

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

Notes to Consolidated Financial Statements

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37 Financial instruments and risk management (contd..)

C. Security Price Risk Management

Exposure in equity

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

Equity price sensitivity analysis

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

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

Other comprehensive income for the year ended March 31, 2018 would increase / decrease by ₹0.09 crore (for the year ended March 31, 2017: increase / decrease by ₹0.09 crore) as a result of the change in fair value of equity investment measured at FVTOCI

Exposure in mutual funds

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

Mutual fund price sensitivity analysis

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

Profit for year ended March 31, 2018 would increase / decrease by ₹17.21 crore (for the year ended March 31, 2017 by ₹17.86 crore) as a result of the changes in fair value of mutual fund investments.

37.3.2 Credit risk management

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

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

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

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

Particulars	FY 17-18	FY 16-17
Revenue from top five customers	769.98	834.12
% of total sales of products	12.32%	13.83%

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
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37 Financial instruments and risk management (contd..)

Financial assets for which loss allowance is measured:

Particulars	As at March 31, 2018	As at March 31, 2017
Loans - Non-current	0.59	0.61
Loans - Current	29.80	29.71
Other financial assets - Non-current	9.40	10.09
Other financial assets - Current	18.35	26.40
Trade receivables	757.53	733.50
Loss Allowance is as follows:-	**815.67**	**800.31**

Loss allowance is as follows:

As at April 1, 2016	**2.08**
Provided during the year	2.94
Reversed during the year	-
As at March 31, 2017	**5.02**
Provided during the year	-
Reversed during the year	-
As at March 31, 2018	**5.02**

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

37.3.3 Liquidity Risk Management

The financial liabilities of the Company, other than derivatives, include loans and borrowings, trade and other payables. The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The Company plans to maintain sufficient cash and marketable securities to meet the obligations as and when fall due. The below is the detail of contractual maturities of the financial liabilities of the Company at the end of each reporting period:

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

(₹ in crore)

Financial Assets	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
As at March 31, 2018					
Investments*	979.09	505.98	236.39	112.21	1,833.67
Trade Receivables	757.53	-	-	-	757.53
Cash and cash equivalents	70.38	-	-	-	70.38
Bank balances other than above	3.38	-	-	-	3.38
Loans	29.78	0.61	-	-	30.39
Other financial assets	17.67	10.09	-	-	27.76
	1,857.83	**516.68**	**236.39**	**112.21**	**2,723.11**

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37 Financial instruments and risk management (contd..)

	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
As at March 31, 2018					
Borrowings*	1,111.71	520.10	689.67	-	2,321.48
Trade payables	239.86	-	-	-	239.86
Other financial liabilities	199.39	0.65	-	-	200.04
	1,550.96	**520.75**	**689.67**	**-**	**2,761.38**

Financial Assets	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
As at March 31, 2017					
Investments	934.40	643.36	207.91	82.65	1,868.32
Trade Receivables	733.50	-	-	-	733.50
Cash and cash equivalents	42.29	-	-	-	42.29
Bank balances other than above	2.36	-	-	-	2.36
Loans	29.71	0.61	-	-	30.32
Other financial assets	26.40	10.09	-	-	36.49
	1,768.66	**654.06**	**207.91**	**82.65**	**2,713.28**

	Less than 1 year	More than 1 year and upto 3 years	More than 3 year and upto 5 years	More than 5 years	Total
As at March 31, 2017					
Borrowings*	1,495.66	581.83	150.62	10.25	2,238.36
Trade payables	245.15	-	-	-	245.15
Other financial liabilities	188.54	0.49	-	-	189.02
	1,929.35	**582.32**	**150.62**	**10.25**	**2,672.53**

* including Current Maturity of non-current borrowings

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38 Contingent liabilities and commitments

a. Claims against the Company not acknowledged as debts:

	As at March 31, 2018	As at March 31, 2017
Sales tax, excise duty, etc*	11.17	11.33
Income-tax**	215.28	182.96
Others	5.62	4.36

* Amount deposited ₹1.30 crore (2017 : ₹1.35 crore)

** Amount deposited ₹134.01 crore (2017 : ₹102.07 crore)

38 Contingent liabilities and commitments

b. Liability on account of bank guarantees and letter of credit of ₹301.80 crore (2017: ₹117.58 crore)

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

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

e. Capital and other commitments

	As at March 31, 2018	As at March 31, 2017
(i) Estimated Amount of contracts remaining to be executed on capital account & not provided for (net of advance)	386.08	81.87

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

Notes to Consolidated Financial Statements

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39 (a) The Company was holding its own Nil (March 31, 2017: 14,62,202 nos.) equity shares of ₹10 each through a Trust, which were received by it in its capacity as a shareholder of Vardhman Holdings Limited, in accordance with the 'Scheme of Arrangement and Demerger'. Out of above 1,36,539 shares were tendered during the year ended March 31, 2017 in terms of buy back announced by the Company. The value of shares held at the end of each reporting period has been adjusted in the equity in accordance with Ind AS 32. During the current year, the Company has sold remaining 14,62,202 shares in market for sales consideration of ₹182.23 crore

39 (b) The aforesaid Trust is also holding 5,32,911 equity shares (March 31, 2017: 3,19,748 nos.) of ₹10 each of Vardhman Special Steels Limited. Out of above 3,19,748 no of shares were allotted to it in the capacity of a shareholder of the Company by virtue of 'Scheme of Arrangement & Demerger' entered into by the Company, Vardhman Special Steels Limited and their respective shareholders and creditors.The aforesaid trust also purchased 2,13,163 equity shares in scheme of Right issue announced by Vardhman Special Steels Limited during the year.

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

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

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Cost of shares of the Company*	-	13.05
Cost of shares of Vardhman Special Steels Limited	4.64	3.57
Other recoverable	0.01	0.03
	4.65	**16.65**

* The amount recoverable on account of equity shares of the Company held by the trust has been reduced from equity share capital & retained earnings.

Notes to Consolidated Financial Statements

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41 Segment information

(a) The group is primarily in the business of manufacturing, purchase and sale of textiles & fibre. The Managing Director of the Company, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the group as textiles and fibre. Therefore, there are two reportable segments viz textiles and fibre.

	Texiles		Fibre		Total	
	Current Year	**Previous year**	**Current Year**	**Previous year**	**Current Year**	**Previous year**
Revenue						
Total Sales	5,996.37	5,828.47	326.93	367.84	6,323.30	6,196.31
Less/- Inter Segment Sales	-	-	(75.03)	(166.36)	(75.03)	(166.36)
External Sales	**5,996.37**	**5,828.47**	**251.90**	**201.48**	**6248.27**	**6029.95**
Other Income	48.37	142.93	20.80	23.93	69.17	166.86
Unallocated Other Income					128.18	387.00
Total Revenue	**6,044.74**	**5,971.40**	**272.70**	**225.41**	**6,445.62**	**6,583.81**
Result						
Segment results	760.91	1,070.40	47.15	57.50	808.06	1,127.90
Unalloctaed Corporate expenses/(Income) (Net)					(52.25)	(281.86)
Operating profit					**860.31**	**1,409.76**
Finance cost					118.19	128.68
Income from Associates/joint ventures					17.51	36.86
Profit before tax					**759.63**	**1,317.94**
Provision for taxation						
Current tax and deferred tax					167.19	323.67
Profit after tax					**592.44**	**994.27**
Other information						
Segment assets	5863.01	5144.5	389.43	391.86	6,252.44	5,536.36
Unallocated corporate assets					1991.65	1,964.69
Total assets					**8,244.09**	**7,501.05**

Notes to Consolidated Financial Statements

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41 Segment information (contd..)

	Texiles		Fibre		Total	
	Current Year	Previous year	Current Year	Previous year	Current Year	Previous year
Total equity and liabilities						
Equity (Share capital and other equity)					4,953.70	4,273.23
Non controlling interest					108.78	112.19
Segment Liabilities	477.12	459.18	48.58	74.98	525.70	534.16
Secured and unsecured loans					2,321.48	2,238.38
Unalloctaed Corporate Liabilities					78.81	87.40
Deferred Tax Liabilities					255.62	255.69
Total equity and liabilities					**8,244.09**	**7,501.05**
Capital expenditure	287.34	329.67	1.91	1.09	289.25	330.76
Depreciation & Amortisation	228.98	333.59	4.73	4.61	233.71	338.20
Unallocated Corporate Depreciation & Amortisation					6.29	5.20
Total Depreciation					**240.00**	**343.40**

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40 Segment information

(b) Secondary Segment Information:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Segment Revenue-External Turnover		
-Within India	3,893.08	3,685.04
-Outside India	2,355.19	2,344.91
Total Revenue	**6,248.27**	**6,029.95**

Segment Revenue and expenses:

Segment revenue comprises sales to external customers and inter segment sales. Segment expenses comprise expenses that are directly attributable to the segment and expenses relating to transactions with other segments of the enterprise.

Segment Assets and Liabilities

Segment assets includes all operating assets used by a segment and consist of cash and cash balances,debtors, inventories and fixed assets. Segment liabilities include all operating liabilities and consists of creditors and other liabilities. Segment assets and liabilities do not include current and deferred taxes.

Inter Segment Transfers

Inter segment transfers are accounted for at prevailing market prices. These transfers are eliminated in consolidation.

41 Earnings per share

	Year ended March 31, 2018	Year ended March 31, 2017
Basic earnings per share (INR)	106.56	163.11
Diluted earnings per share (INR)	105.48	163.11
Profit attributable to the equity holders of the Company used in calculating basic earning per share	592.44	981.41
Weighted average number of equity shares for the purpose of basic earning per share (numbers)	55,595,877	60,171,326
Profit attributable to the equity holders of the Company used in calculating dilutive earning per share	592.44	981.41
Weighted average number of equity shares for the purpose of dilutive earning per share (numbers)	56,167,427	60,171,326

42 The Company owes dues of Nil (March 31, 2017: Nil) towards Micro and Small Enterprises, which are outstanding for more than 45 days as at March 31, 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

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43 Leases

The Company has leased facilities under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to ninety nine years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognised during the year amounts to ₹2.12 crore (March 31, 2017: ₹2.29 crore). The future minimum lease payments in respect of the non-cancellable operating leases are:

	As at March 31, 2018	As at March 31, 2017
Within one year	1.36	1.55
After one year but not more than five years	3.33	3.33
More than five years	37.27	44.92
	41.96	**49.80**

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

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

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

(iii) The following share payments arrangement is in existence during the current year (none in previous year).

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

Details of vesting

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

(iv) During the current year, the vesting of 61,400 equity shares was due but only 49,250 have been exercised during the year.

Notes to Consolidated Financial Statements

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44 Share based payments - Employee Share option plan of the Company (contd..)

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

Call option value per option unit using black scholes method is ₹427.63. The following inputs have been used for computing the fair value:

Inputs into the model	Particulars
Grant date share price (₹)	1,056.60
Exercise price (₹)	815
Expected volatility	33.78%
Option life	2 years
Dividend yield	1.92%
Risk free Interest Rate	6.31%

(vi) Moment of share options

Particulars	2017-18		2016-17	
	Number of options	Weighted Average Exercise price (₹)	Number of options	Weighted Average Exercise price (₹)
Balance at beginning of year	6,07,500		-	-
Granted during the year	6,500	815	6,07,500	815
Forfeited during the year	-		-	-
Exercised during the year	49,250	815	-	-
Expired during the year	-		-	-
Balance at end of year	**5,64,750**	**-**	6,07,500	**-**

(vii) Share options exercised during the year*

	Exercised	Exercise date	Share price at exercise date
Granted as per para (iii) above	42,450	08-01-2018	1,405.75

* For 6,800 shares application money has been received upto 31-03-2018 but allotment was made on 09-04-2018.

(viii) Amount accounted for in profit and loss for Employee stock options is ₹12.07 crore.

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
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45 Related party transactions

45.1 Description of related parties

Joint ventures

Vardhman Nisshimbo Garments Company Limited

Associates

Vardhman Yarns and Threads Limited

Vardhman Spinning and General Mills Limited

Vardhman Special Steels Limited

Relative of KMP

Ms. Soumya Jain

Ms. Sagrika Jain

Post Employment Benefit Plans Trust

Mahavir Employee Gratuity Fund Trust

VAL Gratuity Trust Fund

VMT Gratuity Trust Fund

Mahavir Superannuation scheme

VAL Superannuation scheme

VMT Superannuation scheme

Key management personnel (KMP)

Mr. S.P. Oswal, Chairman and Managing Director

Mr. Sachit Jain, Joint Managing Director

Mrs. Suchita Jain, Joint Managing Director (w.e.f. August 24, 2016)

Mr. Neeraj Jain, Joint Managing Director

Mr. B.K Choudhary, Managing Director

Mr. Rajeev Thapar, Chief Financial Officer

Mr. Vivek Gupta, Chief Financial Officer

Ms. Karan Kamal Walia, Company Secretary upto (1-05-2017)

Mr. Sanjay Gupta, Company Secretary (w.e.f. 01-06-2017)

Ms.Ruchita Vij, Company Secretary upto (August 2017)

Mr.Ankur Gauba, Company Secretary w.e.f (February 2018)

Mr.Satin Katyal, Company Secretary

Enterprises over which KMP have significant influence

Vardhman Holdings Limited

Vardhman Apparels Limited

Smt. Banarso Devi Oswal Public Charitable Trust

Sri Aurobindo Socio Economic and Management Research Institute

Adhiswar Enterprises LLP

Devakar Investment and Trading Company Private Limited

Santon Finance and Investment Company Limited

Flamingo Finance and Investment Company Limited

Ramaniya Finance and Investment Company Limited

Mahavir Spinning Mills Private Limited

Northern Trading Company

Amber Syndicate

Paras Syndicate

Mahavir Traders

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
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45.2 Transactions with related parties

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale /processing of goods to:		
Associates	5.31	6.71
Joint ventures	15.97	13.98
Enterprises over which KMP have significant influence	31.55	18.29
	52.83	**38.98**
Purchase/processing of goods from:		
Associates	17.73	10.83
Joint ventures	0.31	0.06
	18.04	**10.89**
Purchase of property, plant & equipment from:		
Associates	0.31	28.22
	0.31	**28.22**
Sales of property, plant & equipment to:		
Associates	0.81	63.57
Joint Venture	-	0.02
	0.81	**63.59**
Rent paid		
Associates	-	-
Enterprises over which KMP have significant influence	0.12	0.10
	0.12	**0.10**
Rent received		
Associates	0.23	0.34
	0.23	**0.34**
Dividend received		
Associates	6.09	-
	6.09	**-**
Interest received		
Associates	1.10	1.18
Joint Venture	0.90	0.92
	2.00	**2.10**
Reimbursement of expenses received from		
Associates	0.12	5.91
Joint Venture	0.16	0.03
	0.28	**5.94**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

45.2 Transactions with related parties (contd..)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Reimbursement of expenses paid		
Associates	0.32	4.85
Joint Venture	0.06	0.16
	0.38	**5.01**
Purchase of DEPB Licences		
Associates	-	0.07
	-	**0.07**
Recepit against corporate services agreement		
Associates	4.16	4.20
Joint Venture	0.03	0.03
	4.19	**4.23**
Payment against licence agreement		
Enterprises over which KMP have significant influence	1.56	1.56
	1.56	**1.56**
Donations to		
Enterprises over which KMP have significant influence	14.82	4.19
	14.82	**4.19**
Salary paid to		
Relatives of KMP	0.10	0.07
	0.10	**0.07**
Loan given to		
Joint Venture	14.49	13.99
	14.49	**13.99**
Loan received back from		
Joint Venture	2.50	2.00
	2.50	**2.00**
Contribution to post employment benefit plans		
Post Employment Benefit Plans Trust	3.68	4.70
	3.68	**4.70**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

45.3 Outstanding Balances:

	As at March 31, 2018	As at March 31, 2017
Receivables		
Associates	-	0.04
Joint Venture	7.49	2.96
	7.49	**3.00**
Payables		
Associates	4.48	4.80
	4.48	**4.80**
Loan given outstanding		
Associates	15.00	15.00
Joint Venture	11.99	11.99
	26.99	**26.99**

45.4 Key management personnel compensation

	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term benefits*	22.16	31.83
	22.16	**31.83**

* excluding provision for employee benefits,employee stock options but includes sitting fees and commission paid / payable to non executive directors

46 Employee benefits

46.1 Defined contribution plans:

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Superannuation fund	0.95	0.94
Provident fund administered through Regional Provident Fund Commissioner	27.26	26.59
Employees' State Insurance Corporation	8.30	7.19
Other Funds	0.17	0.36
	36.68	**35.08**

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

Notes to Consolidated Financial Statements

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46.2 Defined benefit plans

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

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

Investment Risk

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

Salary Risk

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

Interest Risk

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

Longevity Risk

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

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

	As at March 31, 2018	As at March 31, 2017
Discount Rate	7.71%	7.35%
Salary increase	6.00%	6.00%
Expected average remaining working life	27.53 years	26.94 years
Mortality Rates	IALM (2006-08)	IALM (2006-08)
Method used	Project unit credit method	Project unit credit method

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
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46 Employee benefits (contd..)

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Service cost	7.56	7.32
Past service cost and (gain) /loss from settlements	2.04	-
Net interest expenses	0.21	0.23
	9.81	**7.55**

The current service cost,past service cost and the net interest expenses for the year are included in Note 33 “Employee Benefits Expenses” under the head “Contribution to provident and other funds”.

(iv) Amounts recognised in Other Comprehensive Income:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Return on plan assets (excluding amounts included in net interest expenses)	0.37	0.75
Actuarial gain/(losses) arising from changes in financial assumptions	-	-
Actuarial gain/(losses) arising from changes in experience adjustments	2.10	(1.35)
	2.47	**(0.60)**

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

	As at March 31, 2018	As at March 31, 2017
Present value of funded defined benefit obligation	57.91	51.46
Fair Value of Plan Assets	55.60	48.67
Surplus / (Deficit)	**(2.31)**	**(2.79)**
Effect of asset ceiling, if any	-	-
Net assets / (liability)	**(2.31)**	**(2.79)**

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening defined benefit obligation	51.46	44.64
Transferred during the year		0.15
Current Service Cost	7.56	7.31
Interest Cost	3.97	3.51
Actuarial (gain)/losses arising from changes in financial assumptions	-	-
Past service cost including curtailment gains/losses	2.04	-
Actuarial (gain)/losses arising from changes in experience adjustments	(2.10)	1.35
Benefits paid	(5.02)	(5.50)
Closing defined benefit obligation	**57.91**	**51.46**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

46 Employee benefits (contd..)

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening fair value of plan assets	48.67	40.70
Return on plan assets (excluding amounts included in net interest expenses)	4.12	4.03
Contributions from employer	2.82	3.94
Closing fair value of plan assets	**55.60**	**48.67**

Plan assets comprises of mutual fund, Government of India securities and bank balances. The average duration of the defined benefit obligation is 14.02 years (Macrh 31, 2017: 13.65 years). The Company expects to make a contribution of ₹1.89 crore (March 31, 2017: ₹2.51 crore) to the defined benefit plans during the next financial year

(viii) Sensitivity Analysis

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

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹2.34 crore (Increase by ₹2.55 crore) (March 31, 2017: decrease by ₹2.21 crore (increase by ₹2.39 crore))

If the expected salary growth increases (decreases) by 50 basis points, the defined benefit obligation would increase by ₹2.50 crore (decrease by ₹2.34 crore) (March 31, 2017: increase by ₹2.42 crore (decrease by ₹2.08 crore))

	As at 31.03.2018	As at 31.03.2018
Discount Rate		
0.50% Increase	(2.34)	(2.21)
0.50% decrease	2.55	2.39
Future Salary increase		
0.50% Increase	2.50	2.42
0.50% decrease	(2.34)	(2.08)

(ix) Maturity Profile of Defined Benefit Obligation

	Year	Amount
a)	0 to 1 Year	8.20
b)	1 to 2 Year	2.86
c)	2 to 3 Year	2.68
d)	3 to 4 Year	2.54
e)	4 to 5 Year	2.73
f)	5 to 6 Year	2.47
g)	6 Year onwards	36.42

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
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46 Employee benefits (contd..)

46.3 Other long term employee benefit

(i) Amount recognised in profit and loss in note no.33 “Employee benefit expense” under the head “Salaries and Wages” towards leave encashment is is ₹3.06 crore (March 31, 2017 ₹6.95 core)

(ii) Amount taken to balance sheet

	2017-18	2016-17
Current	3.19	1.99
Non Current	7.69	9.56

47 Additional disclosures

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

(i) The Company has given inter corporate deposits aggregating to Nil (March 31, 2017: Nil) to Vardhman Special Steels Limited during the year. The maximum amount outstanding during the year was ₹15.00 crore (March 31, 2017: ₹15.00 crore). The balance outstanding as on March 31, 2018 is ₹15.00 crore (March 31, 2017: ₹15.00 crore).

(ii) The Company has given inter corporate deposits aggregating to 2.50 crore (March 31, 2017: ₹2.00 crore) to Vardhman Nisshinbo Garments Company Limited during the year. The maximum amount outstanding during the year was ₹14.49 crore (March 31, 2017: ₹11.99 crore). The balance outstanding as on March 31, 2018 is ₹11.99 crore (March 31, 2017: ₹11.99 crore).

47.2 Assets pledged as security:

Particulars	As at March 31, 2018	As at March 31, 2017
Current assets		
Financial assets		
Trade receviables	757.53	733.50
Non-financial assets		
Inventory	2,256.64	1,752.81
Total current assets pledged as security	**3,014.17**	**2,486.31**
Non-current assets		
Property, plant & equipment	2,614.59	2,571.31
Total non-current assets pledged as security	**2,614.59**	**2,571.31**
Total assets pledged as security	**5,628.76**	**5,057.62**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

47 Additional disclosures (contd..)

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

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

a) Gross amount required to be spent by the Group during the year was ₹17.98 crore (March 31, 2017 ₹15.43 crore).

b) Amount spent during the year :₹15.27 crore (March 31, 2017 ₹5.92 crore)

Amount unspent during the year was ₹2.71 crore (March 31, 2017 ₹9.51 crore).

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

(c) Activity

	Amount
Promoting Education	10.24
Promoting Healthcare	2.83
Rural Development Projects	1.79
Measures for the benefit of armed forces veterans, war widows and their dependents	0.01
Promoting Art and Culture	0.03
Environmental Sustainability	0.37
Total	**15.27**

47.4 There has been no delay in transferring amounts, required to be transferred, to the investor education and protection fund (IEPF) by the parent and its subsdary companies,associate companies and joint venture company.

47.5 During the financial year 2016-17, the company has sold its 40% equity stake in Vardhman Yarns & Threads Limited (VYTL), equivalent to 22,802,541 equity shares, to its Joint Venture partner namely American & Efird Global (A & E). Now the company holds 11% equity stake in VYTL equivalent to 62,69,699 equity shares. In view of changed situation, Vardhman Yarns and Threads Limited was Joint Venture of Vardhman Textiles Limited upto 31.08.2016 but it has become the associate of Vardhman Textiles Limited w.e.f. 01.09.2016

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
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48 Interest in Other Entities

(a) The Consolidated Financial Statements present the Consolidated Accounts of Vardhman Textiles Limited with its following Subsidiaries, Joint Ventures & Associates.

Name of Company	Country of Incorporation	Proportion of Ownership of Interest		
		Activities	As at March 31, 2018	As at March 31, 2017
A. Subsidiaries				
(i) Vardhman Acrylics Limited	India	Fibre	70.74%	70.74%
(ii) VMT Spinning Co. Limited	India	Textiles	100.00%	89.44%
(iii) VTL Investments Limited	India	Lending & Investing	100.00%	100.00%
B. Joint Ventures				
(i) Vardhman Nisshinbo Garments Co. Limited	India	Manufacturing & Sales of Garments	51.00%	51.00%
C. Associates				
(i) Vardhman Yarns & Threads Limited #	India	Manufacturing & Sales of Threads	11.00%	11.00%
(ii) Vardhman Spinning & General Mills Limited	India	Trading of Cotton & Manmade Fibre	50.00%	50.00%
(iii) Vardhman Special Steels Limited	India	Manufacturing of Steels	27.20%	32.61%

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

48 Interest in Other Entities (contd..)

(b) Summarized Financial Information

Particulars	Joint Venture		Associates					
	Vardhman Nisshinbo Garments Co. Limited		Vardhman Yarns & Threads Limited		Vardhman Spinning & General Mills Limited		Vardhman Special Steels Limited	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
I. Assets								
(A) Non Current Assets	24.08	24.92	303.34	310.99	-	-	278.83	277.60
(B) Current Assets								
i) Cash & Cash Equivalent	-	0.12	21.55	29.96	0.13	0.13	7.49	5.95
ii) Others	32.39	28.10	343.72	335.39	0.03	0.02	390.34	329.13
Total Current Assets	**32.39**	**28.22**	**365.27**	**365.35**	**0.16**	**0.15**	**397.83**	**335.08**
Total Assets (A+B)	**56.47**	**53.14**	**668.61**	**676.34**	**0.16**	**0.15**	**676.66**	**612.68**
II. Liabilities								
(A) Non Current Liabilities								
i) Financial Liabilities	13.27	17.62	56.21	90.07	-	-	101.46	115.46
ii) Non Financial Liabilities	0.99	0.99	16.95	15.66	-	-	0.87	1.00
Total Non Current Liabilities	**14.26**	**18.61**	**73.16**	**105.73**	**-**	**-**	**102.33**	**116.46**
(B) Current Liabilities								
i) Financial Liabilities	36.07	28.72	104.82	31.07	-	-	231.35	290.81
ii) Non Financial Liabilities	0.46	0.47	13.90	80.62	0.04	0.04	3.66	7.33
Total Current Liabilities	**36.53**	**29.19**	**118.72**	**111.69**	**0.04**	**0.04**	**235.01**	**298.14**
Total Liabilities (A+B)	**50.79**	**47.80**	**191.88**	**217.42**	**0.04**	**0.04**	**337.34**	**414.60**
Net Assets (I-II)	**5.68**	**5.34**	**476.73**	**458.92**	**0.12**	**0.11**	**339.32**	**198.08**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018

(All amount in ₹ crore, unless otherwise stated)

48 Interest in Other Entities (contd..)

(c) Summarized Financial Information

Particulars	Joint Venture		Associates					
	Vardhman Nisshinbo Garments Co. Limited		Vardhman Yarns & Threads Limited		Vardhman Spinning & General Mills Limited		Vardhman Special Steels Limited	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Revenue from Opreations	59.81	58.18	812.84	778.57	0.00	0.00	877.89	753.13
Profit & Loss Before Tax	0.27	(0.51)	128.14	146.33	(0.00)	(0.00)	25.10	19.13
Tax Expense	0.04	-	44.04	47.19	-	-	0.06	(0.00)
Profit & Loss after Tax	0.23	(0.51)	84.10	99.14	(0.00)	(0.00)	25.04	19.13
Other Comprehensive Income	0.11	(0.03)	0.33	(0.04)	-	-	(0.30)	(0.23)
Total Comprehensive Income	0.34	(0.54)	84.43	99.10	(0.00)	(0.00)	24.74	18.90
Depreciation & Amortisation	1.79	1.67	24.91	27.58	-	-	21.51	18.07
Interest Expense (Net of Interest Income)	2.78	2.87	14.66	14.01	-	-	21.43	28.28

(d) Movement of Investment in Joint venture and Associates using equity method

Particulars	Joint Venture		Associates					
	Vardhman Nisshinbo Garments Co. Limited		Vardhman Yarns & Threads Limited		Vardhman Spinning & General Mills Limited		Vardhman Special Steels Limited	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Investment as at the beginning of the Period	(2.38)	(2.10)	50.44	180.13	0.07	0.07	17.04	10.87
Add: Share of profit for the period	0.12	(0.26)	9.23	30.87	-	-	8.16	6.24
Add: Share of OCI for the period	0.06	(0.02)	0.04	(0.00)	-	-	(0.10)	(0.07)
Add:-Investment purchase for the period							19.42	
Less: Dividend distributed during the period (including DDT)	-	-	(6.09)	-	-	-		-
Less: Disposed off Investment	-	-		(160.56)	-	-		-
Investment as at the end of the Period	(2.20)	(2.38)	53.62	50.44	0.07	0.07	44.51	17.04

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49 (a) For Disclosure mandated by Schedule III of Companies Act 2013, by way of additional information, refer below:

Name of Enterprise	As at 31st March,2018		As at 31st March,2017		As at 31st March,2018		As at 31st March,2017	
	Net Assets i.e total assets minus total liabilities		Net Assets i.e total assets minus total liabilities		Share in Total comprehensive income		Share in Total comprehensive income	
	As % of consoliated net assets	Amount	As % of consoliated net assets	Amount	As % of consoliated profit or loss	Amount	As % of consoliated profit or loss	Amount
Parent								
Vardhman Textiles Limited	91.50%	4,631.96	90.89%	3,985.85	93.94%	547.46	102.08%	1,001.37
Less:- Unrealised profit on Stock	-0.04%	(1.78)	-0.02%	(0.95)	0.00%	-	0.00%	-
Add:- Deferred tax asset on Stock	0.01%	0.66	0.00%	-	0.00%	-	0.00%	-
Subsidaries								
Indian								
Vardhman Arcylics Limited	6.31%	319.38	6.74%	295.41	6.60%	38.48	4.18%	40.99
VMT Spinning Co.Limited	2.10%	106.26	2.38%	104.48	0.30%	1.78	0.84%	8.26
VTL Investment Limited	1.20%	60.80	1.15%	50.55	1.76%	10.24	0.99%	9.75
Adjustment due to consolidation	-3.87%	(196.01)	-4.26%	(186.79)	-3.66%	(21.43)	-10.54%	(103.38)
Non Controlling Interest in subsidaries	**2.15%**	**108.78**	**2.56%**	**112.19**	**-1.94%**	**(11.28)**	**-1.31%**	**(12.86)**
Associates (Investment as per the equity method)								
Indian								
Vardhman Special Steels Limited	0.88%	44.51	0.39%	17.04	1.38%	8.07	0.63%	6.17
Vardhman Spinning & General Mills Limited	0.00%	0.07	0.00%	0.07	0.00%	(0.00)	0.00%	(0.00)
Vardhman Yarns & Threads Limited	1.06%	53.62	1.15%	50.44	1.59%	9.27	3.16%	30.96
Less:- Investments in Associates	**-1.04%**	**(52.77)**	**-0.76%**	**(33.35)**	**0.00%**	**-**	**0.00%**	**-**
Joint Ventures (investment as per the equity method)								
Indian								
Vardhman Nisshimbo Garments Company Limited	0.15%	7.80	0.17%	7.62	0.03%	0.17	-0.03%	(0.27)
Less: Investment in Joint Ventures	**-0.34%**	**(17.14)**	**-0.39%**	**(17.14)**	**0.00%**	**-**	**0.00%**	**-**
Less:- Deferred Tax Liabilities on undistributed profits on associates and joint ventures	-0.07%	(3.66)	0.00%	-	0.00%	-	0.00%	-
Total	**100%**	**5,062.48**	**100%**	**4,385.42**	**100%**	**582.76**	**100%**	**980.99**

Notes to Consolidated Financial Statements

for the year ended March 31, 2018
(All amount in ₹ crore, unless otherwise stated)

49 (b) Previous year figures in the consolidated financial statements, including the notes thereto, have been reclassified wherever required to confirm to the current year presentation/classification.These are not material and do not affect the previously reported net profit or equity.

For and on behalf of the Board of Directors

Sanjay Gupta	**Rajeev Thapar**	**Suchita Jain**	**S.P. Oswal**
Company Secretary	Chief Financial Officer	Joint Managing Director	Chairman and Managing Director
Membership No:-4935		DIN:00746471	DIN: 00121737

Place : Ludhiana
Date: May 12, 2018

NOTICE

Notice is hereby given that the **45TH ANNUAL GENERAL MEETING** of Vardhman Textiles Limited will be held on Thursday, the 27th day of September, 2018 at 11:00 a.m. at the Registered Office of the Company situated at Chandigarh Road, Ludhiana, to transact the following business:-

ORDINARY BUSINESS:

Item No. 1 – To adopt financial statements

To receive, consider and adopt the Audited Financial Statements (including the consolidated financial statements) of the Company for the financial year ended 31st March, 2018 together with Report of Board of Directors and Auditors thereon.

Item No. 2 – To declare Dividend

To declare a dividend of ₹ 15 per equity share for the year ended 31st March, 2018.

Item No. 3 – To re-appoint Mr. Sachit Jain as a director liable to retire by rotation

To appoint a Director in place of Mr. Sachit Jain (DIN No. 00746409), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

Item No. 4 – To appoint Dr. Parampal Singh as an Independent Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made thereunder and Regulations 16 & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Parampal Singh (DIN: 07995388), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of consecutive three years starting from 27th November, 2017."

Item No. 5 – To re-appoint Mr. Devendra Bhushan Jain as an Independent Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:-

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made thereunder and Regulations 16, 17 & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Devendra Bhushan Jain (DIN 06911676), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of consecutive three years starting from 8th November, 2017."

Item No. 6 – To ratify remuneration payable to Cost Auditors for the financial year ending 31st March, 2019

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and Companies Cost Audit Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ramanath Iyer & Company, Cost Auditors, New Delhi appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019, be paid the remuneration of ₹ 5,16,880/-.

RESOLVED FURTHER THAT Mr. Shri Paul Oswal, Chairman & Managing Director and Mr. Sanjay Gupta, Company Secretary, be and are hereby severally authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution."

Item No. 7 – To re-appoint Mr. Shri Paul Oswal as the Managing Director of the company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:-

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 & Schedule V of Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Shri Paul Oswal (DIN: 00121737), be and is hereby re- appointed as the Managing Director of the Company for a period of 5 years starting from 1st June, 2019 to 31st May, 2024.

RESOLVED FURTHER THAT Mr. Shri Paul Oswal shall be paid remuneration and other perquisites as per terms and conditions as detailed below:-

S. No.	Remuneration	Details
I.	Salary	In the scale of ₹ 5,00,000 - 10,000 - 5,40,000 per month.
II.	Commission	Equal to 2% of net profit calculated as per Section 198 of the Companies Act, 2013 subject to total remuneration being within the limits as prescribed in Part-II of Schedule-V to the Companies Act, 2013.
III.	Perquisites	The perquisites are allowed in addition to salary and commission as per details given below, however, such perks are restricted to an amount equal to one year's salary during each year.
a)	Housing	Free residential accommodation or House Rent Allowance equal to 40% per cent of the basic salary. Free furnishing is provided by the Company along with other amenities.
b)	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family, subject to a ceiling of one month's salary in a year or five months' salary over a period of five years.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family are reimbursed once in a year in accordance with the rules specified by the Company.
d)	Club Fees	Fees of clubs subject to a maximum of two clubs. This does not include admission and life membership fees.
e)	Personal Accident Insurance	Premium not to exceed ₹ 5,000/- per annum.
f)	Car & Communication Expenses	Free use of Company's car for official work as well as for personal purposes along with Driver. All communication expenses at residence or otherwise shall be at Company's cost.
g)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund subject to the rules framed by the Company in this respect.
h)	Gratuity	Gratuity payable not exceeding half a month's salary for each completed year of service subject to the ceiling prescribed by the Central Government from time to time.
IV	Travelling Expenses	Expense incurred for travelling, boarding and lodging including for spouse and attendant(s) during business trips on actual basis which shall not be considered as perquisites.
V	Security Expenses	The expenses, as may be borne by the Company for providing security to Mr. S.P. Oswal and his family which shall not be considered as perquisites.

Explanation: "Family" means the spouse and the dependent children of the appointee.

RESOLVED FURTHER THAT Mr. Darshan Lal Sharma, Director, be and is hereby authorised to enter into an agreement with Mr. Shri Paul Oswal in respect of his re-appointment as Managing Director of the Company, for and on behalf of the Company."

Item No. 8– To approve continuation of directorship of Dr. Subash Khanchand Bijlani as a Non- Executive Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:-

"RESOLVED THAT pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the members of the Company, be and is hereby given for continuation of the directorship of Dr. Subash Khanchand Bijlani (DIN: 01040271) after April 1, 2019, as per his existing terms of appointment, as a non- executive director of the Company."

Item No. 9– To approve continuation of directorship of Mr. Prafull Anubhai as a Non- Executive Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:-

"RESOLVED THAT pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the members of the Company, be and is hereby given for continuation of the directorship of Mr. Prafull Anubhai (DIN: 00040837) after April 1, 2019, as per his existing terms of appointment, as a non- executive director of the Company."

Item No. 10– To approve continuation of directorship of Mr. Ashok Kumar Kundra as a Non- Executive Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:-

"RESOLVED THAT pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the members of the Company, be and is hereby given for continuation of the directorship of Mr. Ashok Kumar Kundra (DIN: 00154024) after April 1, 2019, as per his existing terms of appointment, as a non- executive director of the Company."

By Order of the Board

Place: Ludhiana **(Sanjay Gupta)**
Dated: 13th August, 2018 Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED ALONGWITH ATTENDENCE SLIP.

   However, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

2. The Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

3. **The Register of Members and the Share Transfer Books of the Company shall remain closed from closed from 17th September, 2018 to 27th September, 2018 (both days inclusive).**

4. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However members, holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.

5. The information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 regarding the Directors seeking appointment/re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Director has furnished the requisite declarations for his re-appointment.

6. Members desiring any information, as regards Accounts, are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.

7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10:30 A.M. to 12:30 P.M.

8. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.

9. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their members electronically.

   In support of the Green Initiative, your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance Sheet, Statement of Profit & Loss and Director's Report etc. and other communications in electronic form.

   The Members are requested to support this Green Initiative by registering/ updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialized form) or with Registrar & Transfer Agent, Alankit Assignments Limited, New Delhi (in case of shares held in physical form).

10. The Annual Report 2017-18 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2017-18 are being sent by permitted mode.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are requested to submit their PAN and Bank Account details to the Registrar and Share Transfer Agent. A blank form in this regard is being sent with this Annual Report.

12. The Securities and Exchange Board of India (SEBI) vide its notification dated June 8, 2018 has mandated that w.e.f. December 5, 2018, the transfer of shares would be carried out in dematerialized form only, except in case of transmission or transposition of securities. Hence, all the shareholders holding shares in physical form are hereby requested to get their physical shares dematerialized.

13. Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements Regulations), 2015, the Company is pleased to provide members a facility to exercise their right to vote at the 45th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for shareholders voting electronically are as under:

(i) The e-voting period commences on 24th September, 2018 (9:00 a.m.) and ends on 26th September, 2018 (5:00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after end of voting period on 26th September, 2018. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on Shareholders.

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. Sequence number is printed on Attendance slip provided with the Annual report.
	• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

	For Members holding shares in Demat Form and Physical Form
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN: 180823006 for <VARDHMAN TEXTILES LIMITED> on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting" available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store, respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 20th September, 2018 may follow the same instructions as mentioned above for e-Voting.

(xxii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

14. M/s. B.K. Gupta & Associates, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e- voting process). The Scrutinizer shall upon the conclusion of E-voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

15. The Results of the resolutions passed at the AGM of the Company will be declared within 48 hours of conclusion of AGM. The results declared along with the Scrutinizer's report shall be simultaneously placed on the Company's website www.vardhman.com and on the website of CDSL and will be communicated to the stock exchanges.

16. MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

17. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of the appointment of Auditors, who were appointed in the Annual General Meeting held on 22nd September, 2017.

By Order of the Board

Place: Ludhiana
Dated: 13th August, 2018

(Sanjay Gupta)
Company Secretary

ANNEXURE TO THE NOTICE

Statement pursuant to Section 102 of the Companies Act, 2013

The following statement sets out all material facts relating to the Special Business mentioned in the Notice:

Item No. 4:

The Board of Directors of the Company vide its resolution dated 25th November, 2017, had appointed Dr. Parampal Singh as an Additional Director of the Company pursuant to section 161(1) of the Companies Act, 2013 and Articles of Association of the Company. He will hold office upto the date of ensuing Annual General Meeting.

The Company has received requisite notice in writing from a member proposing the appointment of Dr. Parampal Singh as a candidate for the office of Independent Director of the Company for a term of consecutive three years starting from 27th November, 2017.

The Company has received consent from Dr. Parampal Singh and also a declaration confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

Dr. Parampal Singh is independent of the Management and in the opinion of the Board, fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as an Independent Director of the Company. A copy of the draft letter for appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the Members at the Registered Office of the Company during normal business hours on any working day. A brief profile of Dr. Parampal Singh is provided at the end of this statement.

The Board recommends the Ordinary Resolution as set out at item number 4 of the Notice for approval by the Members.

Memorandum of Interest:

Except Dr. Parampal Singh, being appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 4.

Item No. 5:

The Board of Directors of the Company had appointed Mr. Devendra Bhushan Jain as an Additional Director of the Company pursuant to section 161(1) of the Companies Act, 2013 and Articles of Association of the Company. He will hold office upto the date of ensuing Annual General Meeting.

The Company has received requisite notice in writing from a member proposing appointment of Mr. Devendra Bhushan Jain as a candidate for the office of Independent Director of the Company for a term of consecutive three years starting from 8th November, 2017.

The Company has received consent from Mr. Devendra Bhushan Jain and also a declaration confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

Mr. Devendra Bhushan Jain is independent of the Management and in the opinion of the Board, fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as an Independent Director of the Company. A copy of the draft letter for appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the Members at the Registered Office of the Company during normal business hours on any working day. A brief profile of Mr. Devendra Bhushan Jain is provided at the end of this statement.

Further, pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f April 1, 2019, approval of the Members is required by way of a Special Resolution for continuing the directorship of non-executive director who has attained the age of 75 years. As Mr. Devendra Bhushan Jain is aged above 76 years, the proposed resolution also meets compliance of the said Regulation 17.

The Board recommends the Special Resolution as set out at item number 5 of the Notice for approval by the Members.

Memorandum of Interest:

Except Mr. Devendra Bhushan Jain, being appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 5.

Item No. 6:

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. Upon the recommendations of Audit Committee, the Board of Directors in its meeting held on 12th May, 2018 had appointed M/s. Ramanath Iyer & Co., 808, Pearls Business Park, Netaji Subhash Place, New Delhi as Cost Auditors of the Company to conduct Cost Audit for Financial Year ending 31st March, 2019.

Accordingly, consent of the Members is solicited for passing an Ordinary Resolution as set out at Item No. 7 of the notice for ratification of payment of remuneration of ₹ 5,16,880/- to the Cost Auditors for the Financial Year ending 31st March, 2019. The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the Members.

Memorandum of Interest:

None of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7:

The Board of Directors vide resolution dated 23rd May, 2014 had re-appointed Mr. Shri Paul Oswal as the Chairman and Managing Director of the Company for a period of 5 years with effect from 1st June, 2014 to 31st May, 2019. His appointment was approved by the Members in their Annual General meeting held on 24th September, 2014.

The Board of Directors of the Company vide its resolution dated 13th August, 2018 had re-appointed Mr. Shri Paul Oswal as Managing Director of the Company for a term of 5 years starting from 1st June, 2019 to 31st May, 2024. The terms and conditions of the remuneration being paid to him are detailed in the resolution. His appointment is subject to approval of Members of the Company. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Shri Paul Oswal, being appointee, Mr. Sachit Jain and Mrs. Suchita Jain being appointee's relative, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 7.

Item No. 8:

Pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f April 1, 2019 approval of the Members is required by way of a Special Resolution for continuing the directorship of non-executive director who has attained the age of 75 years.

Now, pursuant to these provisions, for continuation of directorship of Dr. S.K. Bijlani who is aged about 76 years, a Special Resolution by the Members of the Company is required.

Dr. Subash Khanchand Bijlani holds Degree in B.SC. Tech. (Mech. Eng.) from Manchester, UK, Post Graduate Diploma in Computer Management, Mumbai University, Post Graduate Diploma in Finance from Punjab University and Doctorate in Management (D.M.) from Maryland, USA. He is having a rich experience of more than 50 Years of Industry and Business. Now, considering his vast and rich experience and expertise in industry and Business, the Board of Directors recommends this Special Resolution for approval of the Members.

Memorandum of Interest:

Except Dr. Subash Khanchand Bijlani, being appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the proposed Special Resolution as set out at Item No. 8 of the Notice.

Item No. 9:

Pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f April 1, 2019, approval of the shareholders is required by way of a special resolution for continuing the directorship of non-executive director who has attained the age of 75 years.

Now, pursuant to these provisions, for continuation of directorship of Mr. Prafull Anubhai who is aged about 79 years, a Special Resolution by the Members of the Company is required.

Mr. Prafull Anubhai holds Bachelor's degree in Commerce and Bachelor's degree in Science (Eco.) from London University. He is having a rich and varied experience of more than 43 years as a Business Consultant. Now, considering his vast and rich experience, the Board of Directors recommends this Special Resolution for approval of the Members.

Memorandum of Interest:

Except Mr. Prafulbhai Anubhai, being appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the proposed Special Resolution as set out at Item No. 9 of the Notice

Item No. 10:

Pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f April 1, 2019, approval of the Members is required by way of a special resolution for continuing the directorship of non-executive director who has attained the age of 75 years.

Now, pursuant to these provisions, for continuation of directorship of Mr. Ashok Kumar Kundra who is aged about 75 years, a Special Resolution by the Members of the Company is required.

Mr. Ashok Kumar Kundra holds Master's degree in Economies and Doctorate of Philosophy. He is a retired IAS Officer. He has over 44 years of experience in policy making and Govt. related issues in State/Central Government. Now, considering his vast and rich experience, the Board of Directors recommends this Special Resolution for approval of the Members.

Memorandum of Interest:

Except Mr. Ashok Kumar Kundra, being appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the proposed Special Resolution as set out at Item No. 10 of the Notice.

Information Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Directors seeking appointment/ re-appointment in the Annual General Meeting.

Name of the Director	**Mr. Shri Paul Oswal**	**Mr. Sachit Jain**	**Dr. Parampal Singh**	**Mr. Devendra Bhushan Jain**
Date of Birth	08.04.1942	08.07.1966	12.03.1973	26.08.1942
Date of Appointment	23.05.2014	13.06.1994	27.11.2017	08.11.2017
Expertise in specific functional area	Experience of 50 years in Textile Industry.	Business Executive having experience of more than 28 years in Textile Industry.	Experience of over 17 years in teaching.	Rich experience in the field of marketing.
Qualification	M.Com (Gold Medalist)	B. Tech., MBA	M.Sc. Hons. (Microbiology), MBA (Marketing) and Ph.D. in Marketing.	B.Sc.
Directorships in Other Listed Companies as on 31st March, 2018	1. Vardhman Holdings Limited 2. Vardhman Acrylics Limited	1. Vardhman Special Steels Limited 2. Vardhman Holdings Limited 3. Vardhman Acrylics Limited	Nil	Nil
Chairman/Member of Committees of Other Listed Companies as on 31st March, 2018	Nil	**Stakeholders Relationship Committee:** Vardhman Holdings Limited	Nil	Nil
Shareholding in the Company	5,97,591	Nil	Nil	Nil
Relationship with other Director(s)	Mr. Sachit Jain is the son-in law and Mrs. Suchita Jain is daughter of Mr. Shri Paul Oswal.	Mr. Shri Paul Oswal is father-in-law and Mrs. Suchita Jain is wife of Mr. Sachit Jain.	Not related to any Director	Not related to any Director

VARDHMAN TEXTILES LIMITED
Vardhman Premises, Chandigarh Road,
Ludhiana, Punjab, 141010
Phone : 0161-2228943-48, & Fax : 0161-2601048
E-mail:secretarial.lud@vardhman.com & Website: www.vardhman.com
CIN: L17111PB1973PLC003345

30th August, 2018

Dear Shareholder(s),

In order to facilitate payment of dividends, the Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, as amended vide Circular dated July 16, 2018, has mandated the Company/ RTA to obtain copy of PAN Card and Bank account details from all the shareholders holding shares in physical form.

Accordingly, you are requested to furnish self-attested copy of your PAN card and original cancelled cheque leaf / attested bank passbook showing the name of account holder along with the details mentioned in Annexure 'A'.

You may send the above details latest by 22nd September, 2018 to the M/s. Alankit Assignments Limited, at 1E/13, Alankit Heights, Jhandewalan Extension, New Delhi - 110055.

Thanking you,
Yours faithfully,
FOR VARDHMAN TEXTILES LIMITED

Sd/-
Sanjay Gupta
Company Secretary

Annexure-A

To
M/s. Alankit Assignments Limited,
1E/13, Alankit Heights,
Jhandewalan Extension,
New Delhi -110055.

Dear Sir,

I/We hereby furnishing the following details as required by you. Kindly update the same in your records:

Name of Shareholder (s)	
Folio No.	
Pan (Enclose self-attested copy of Pan card/s of all holders)	
Bank Account No. (Enclose name printed original cancelled cheque / attested copy of passbook)	
Name of Bank	
Branch Address	
IFSC No.	
MICR No.	
Email ID	
Mobile / Telephone number	

Signature of Shareholder (s)

Name ________________________________

CORPORATE INFORMATION

Board of Directors

Mr. Shri Paul Oswal
Chairman & Managing Director

Mr. Prafull Anubhai

Mr. Sachit Jain

Dr. Subash Khanchand Bijlani

Mr. Ashok Kumar Kundra

Mr. Darshan Lal Sharma

Mr. Devendra Bhushan Jain

Mr. Rajender Mohan Malla

Dr. Parampal Singh

Mrs. Suchita Jain
Joint Managing Director

Mr. Neeraj Jain
Joint Managing Director

Chief Financial Officer

Mr. Rajeev Thapar

Company Secretary

Mr. Sanjay Gupta

Auditors

M/s. Deloitte Haskins & Sells LLP,
Chartered Accountants, New Delhi

Bankers

Allahabad Bank
ICICI Bank Limited
Punjab National Bank
State Bank of India
Bank of India
Corporation Bank
IDBI Bank Limited
Canara Bank
Standard Chartered Bank
Exim Bank
Oriental Bank of Commerce
HDFC Bank

Registrar & Transfer Agent

Alankit Assignments Limited, New Delhi

Works

- Anant Spinning Mills, Mandideep
- Arihant Spinning Mill, Malerkotla
- Arisht Spinning Mills, Baddi
- Auro Dyeing (Unit-I & II), Baddi
- Auro Spinning Mills, Baddi
- Auro Textiles (Unit- I & II), Baddi
- Auro Weaving Mills, Baddi
- Mahavir Spinning Mills (Textile Division), Baddi
- Mahavir Spinning Mills (Textile Division) (Unit-II), Baddi
- Vardhman Spinning and General Mills, Ludhiana
- Vardhman Spinning Mills, Baddi
- Vardhman Fabrics, Budhni
- Vardhman Yarns, Satlapur
- Vardhman Fabrics (Power Division), Budhni
- Vardhman Yarns (Power Division), Satlapur

Branches

- P-22, 3rd Floor, Flat No. 6, C.I.T. Road, Scheme IV, Kolkata-700 014.
- Chandigarh Road, Ludhiana-141010.
- 314, Solaris II, Opposite L & T Gate No. 6, Saki Vihar Road, Andheri (East), Mumbai-400 072.
- 504, Dalamal House, Nariman Point, Mumbai - 400 021.
- 309-310, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi-110 001.
- 377-B, Muthuswami Industrial Complex, Palladam Road, Tirupur - 638 604.
- 1st Floor, Palm Court, Opposite Management Development Institute, MG Road, Sector -16, Gurugram - 122 001.

Vardhman

Delivering Excellence. Since 1965.

VARDHAMAN TEXTILES LIMITED

CHANDIGARH ROAD, LUDHIANA - 141 010

CIN: L17111PB1973PLC003345

VARDHMAN TEXTILES LIMITED
CIN: L17111PB1973PLC003345
Regd. Office: Chandigarh Road, Ludhiana-141 010 (Punjab), India.
Phone No.: 0161-2228943-48, Fax: 0161-2601048
E-mail: secretarial.lud@vardhman.com; Website: www.vardhman.com

ATTENDANCE SLIP E-VOTING PARTICULARS

45TH ANNUAL GENERAL MEETING

2018

I/We hereby record my/ our presence at the 45th Annual General Meeting of Vardhman Textiles Limited held at the Registered Office of the Company situated at Chandigarh Road, Ludhiana-141 010 on Thursday, the 27th day of September, 2018 at 11:00 a.m.

.... Member's Folio/DP ID-Client ID No.

.... Member's /Proxy's name in Block Letters

.... Member's/Proxy's Signature

Note:

1. Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the meeting place.
2. Electronic copy of the Annual Report for 2017-18 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2017-18 alongwith Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy

ELECTRONIC VOTING PARTICULARS

EVSN (E-Voting Sequence Number)	USER ID / Folio No. / DP / Client ID	SEQUENCE NO.
180823006		

NOTE: Please read instructions given at Point No. 13 of the Notice of 45th Annual General Meeting annexed in the Annual Report for 2017-18 of the Company, carefully before voting electronically.

VARDHMAN TEXTILES LIMITED
CIN: L17111PB1973PLC003345
Regd. Office: Chandigarh Road, Ludhiana-141 010 (Punjab), India.
Phone No.: 0161-2228943-48, Fax: 0161-2601048
E-mail: secretarial.lud@vardhman.com; Website: www.vardhman.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

I/We being the holder(s) of.........................shares of the above named Company bearing folio no.. hereby appoint :

1. Name : ....Address : ....
   E-mail Id : ....Signature: .... or failing him;
2. Name : ....Address : ....
   E-mail Id : ....Signature: .... or failing him;
3. Name : ....Address : ....
   E-mail Id : ....Signature: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 45th Annual General Meeting of the Company, to be held on Thursday, the 27th day of September, 2018 at 11:00 a.m. at Registered Office of the Company situated at Chandigarh Road, Ludhiana-141 010 and at any adjournment thereof in respect of such resolutions as are indicated below:-

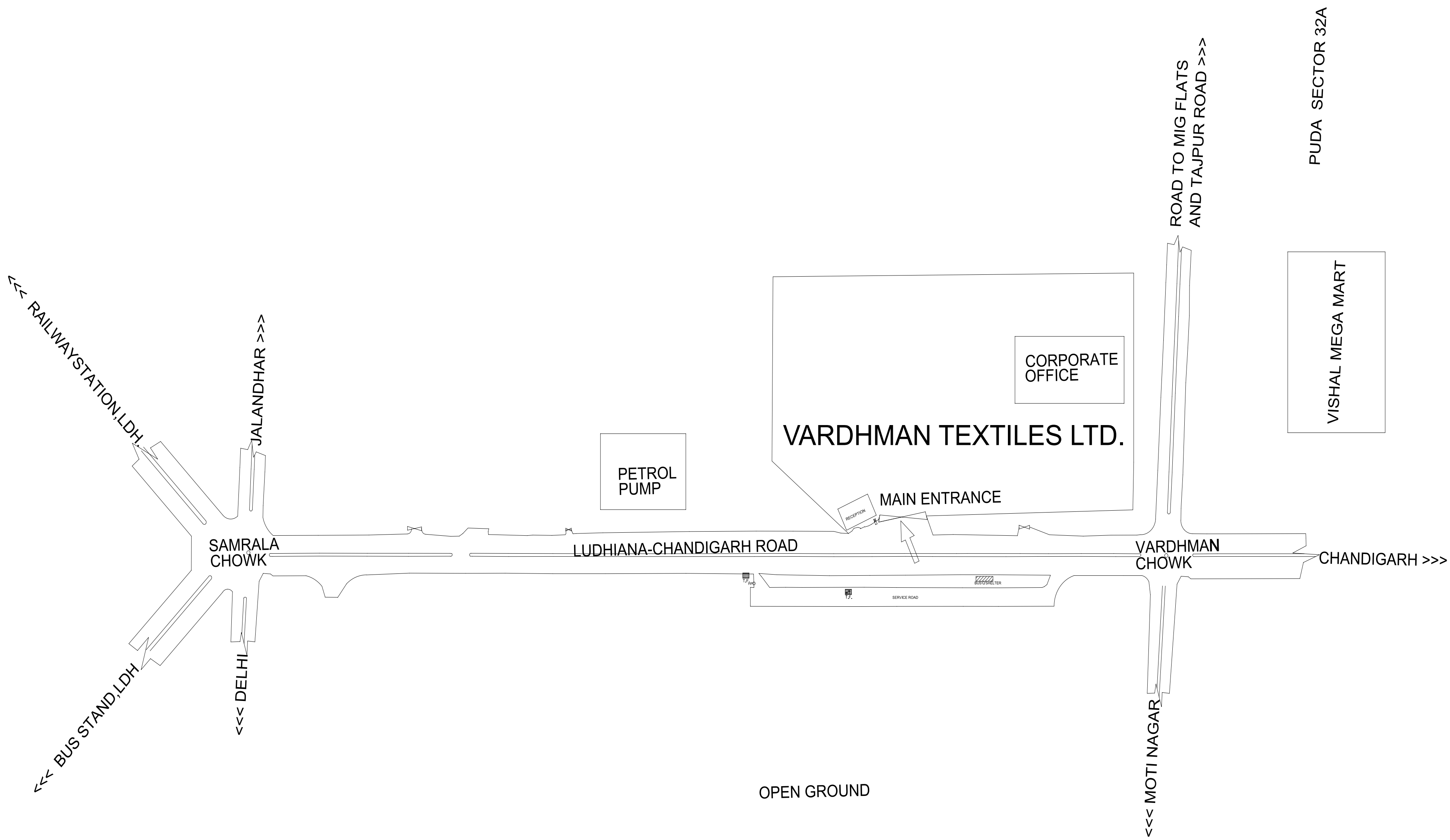
RESOLUTIONS:-	
Ordinary Business	
1.	To adopt Financial Statements.
2.	To declare Dividend.
3.	To re-appoint Mr. Sachit Jain as a director liable to retire by rotation.
Special Business	
4.	To appoint Dr. Parampal Singh as an Independent Director of the Company.
5.	To re-appoint Mr. Devendra Bhushan Jain as an Independent Director of the Company.
6.	To ratify remuneration payable to Cost Auditors for the financial year ending 31st March, 2019.
7.	To re-appoint Mr. Shri Paul Oswal as the Managing Director of the Company.
8.	To approve continuation of directorship of Mr. Subhash Khanchand Bijlani as a Non- Executive Director of the Company.
9.	To approve continuation of directorship of Mr. Prafull Anubhai as a Non- Executive Director of the Company.
10.	To approve continuation of directorship of Mr. Ashok Kumar Kundra as a Non- Executive Director of the Company.

Signed this .... day of .... 2018.

Signature of shareholder .... Signature of Proxy holder(s) ....

Affix Revenue Stamp not less than Rs. 0.15

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.


PUDA SECTOR 32A
ROAD TO MIG FLATS
AND TAJPUR ROAD >>>
VISHAL MEGA MART
CORPORATE
OFFICE
VARDHMAN TEXTILES LTD.
MAIN ENTRANCE
RECEPTION
PETROL
PUMP
<<< RAILWAYSTATION,LDH.
JALANDHAR >>>
SAMRALA
CHOWK
LUDHIANA-CHANDIGARH ROAD
VARDHMAN
CHOWK
CHANDIGARH >>>
SERVICE ROAD
<<< BUS STAND,LDH
<<< DELHI
<<< MOTI NAGAR
OPEN GROUND