

September 06, 2023

To,
BSE Limited.
Phiroze Jeejeebhoy Towers
Dalal Street, Fort.
Mumbai – 400001

Dear Sir/Madam,

Sub.: Submission of Annual Report for the Financial Year 2022-23
Ref.: Vishal Fabrics Limited, Scrip Code: 538598, Security ID: VISHAL

Pursuant to Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report along with Notice of the **38th Annual General Meeting** of the Vishal Fabrics Limited, which is scheduled to be held on **Friday, September 29, 2023** at 2:00 p.m. through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") in compliance with the relevant circulars issued by the Ministry of Corporate Affairs (MCA) and the Securities Exchange Board of India (SEBI).

Kindly take the same on record.

Thanking you,
For VISHAL FABRICS LIMITED

Pooja Dhruve
Company Secretary & Compliance Officer
Membership No. A48396

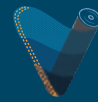
Encl.: a/a

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 /vishaldenim



VISHAL
FABRICS LTD

Sustainable
excellence

**Weaving a
Legacy of**
quality

VISHAL FABRICS LIMITED

38th Annual Report 2022-23

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Our commitment to sustainable practices is at the heart of all that we do. By continuously pushing the boundaries of what is possible, we are creating a lasting legacy that sets new standards for quality and sustainability that inspire.

At Vishal Fabrics Limited (VFL) we are led by a desire to innovate and automate as much of our operational canvas as possible to improve and enrich our product portfolio. We leverage our inherent strengths in technology and research to develop cutting-edge solutions that streamline our manufacturing processes and enhance the quality of our products. By embracing automation, we are able to reduce human error, increase efficiency and ultimately deliver superior fabrics to our customers. Additionally, our commitment to innovation enables us to stay ahead of market trends and offer unique and customisable options that cater to the evolving needs of our clients.



Sustainable

excellence

**Weaving a
Legacy of**

quality

We ensure that sustainability measures are not just a box-ticking initiative. We keep upgrading our sustainability priorities in line with the evolving requirements of our stakeholders. This involves setting clear targets for reducing environmental impact, as well as regularly reporting on progress and engaging stakeholders in the process. By embedding sustainability into the core values and culture of the organisation, we can create lasting change and contribute to a more sustainable future.

Weaving a story of *success*

We commenced our extraordinary journey in the year 1972 in Ahmedabad with just a few power handlooms. Within a short span of time, we solidified our position as a prominent player in the manufacturing of polyester yarn. Building upon this success, we ventured into the realm of cotton spinning and further expanded our expertise to encompass the weaving of denim fabric.

We commenced our extraordinary journey in the year 1972 in Ahmedabad with just a few power handlooms. Within a short span of time, we solidified our position as a prominent player in the manufacturing of polyester yarn. Building upon this success, we ventured into the realm of cotton spinning and further expanded our expertise to encompass the weaving of denim fabric.

At present, we are the largest denim manufacturer in Asia. Our extensive knowledge, capabilities and experience have positioned us for success in various industries. From petrochemicals and chemicals to infrastructure development, spinning, weaving, knitting, fabric processing, BOPP film manufacturing, and educational initiatives, we have established a strong presence and thriving businesses across multiple sectors. This diverse portfolio reflects our adaptability and expertise in various domains.

Our commitment to innovation and continuous improvement has allowed us to stay ahead of the competition and meet the evolving needs of our clients. We actively contribute to India's energy requirements while minimising the adverse impact on the environment. Our dedication to sustainable practices ensures that we play a significant role in supporting India's energy needs while prioritising environmental preservation.

With a dedicated team of professionals and state-of-the-art facilities, we are able to deliver high-quality products and services that consistently exceed customer expectations.

50+

Years of legacy

11

Group companies

50+

Countries footprint

20,000+

Workforce



Group *companies*



Textile

- Nandan Denim Limited
- Nandan Terry Limited
- Vraj Integrated Textile Park Limited



Fabric

- Vishal Fabrics Limited
- Chiripal industries Limited (Fabric Division)



Yarn & Petrochemicals

- Chiripal Industries Limited (Petrochemical Unit)
- CIL Nova Petrochemicals Limited



Packaging Solutions

- Chiripal Poly Films Limited



Education

- Shanti Educational Initiatives Ltd.



Robotics/AI

- HRF/WSRO

At the centre of the denim *revolution*

With its establishment in 1985 and strategic location in Gujarat, the textile hub of India, Vishal Fabrics Limited (VFL) has been at the centre of the denim revolution, bringing fashion and comfort under one roof. It has grown into a reputed entity that is known for dyeing, printing and processing of denim, and other wide range of fabrics.

At VFL, our integrated and advanced manufacturing facilities enable us to consistently produce top-quality denim fabrics that surpass the expectations of our customers globally. With a strong commitment to sustainability, VFL also ensures that their manufacturing processes are environment-friendly, making them a preferred choice in the textile industry.

A purposeful belief in bringing high-end technology has helped us in setting up a state-of-the-art manufacturing facility. We passionately follow the core belief of 'delivering more than expected'. Values and innovation drive our commitment to deliver exceptional products and services to our customers. By fostering a culture of creativity and collaboration, we empower our team members to think outside the box and bring fresh ideas to the table. With a strong emphasis on integrity and ethical practices, we strive to make a positive impact.

38

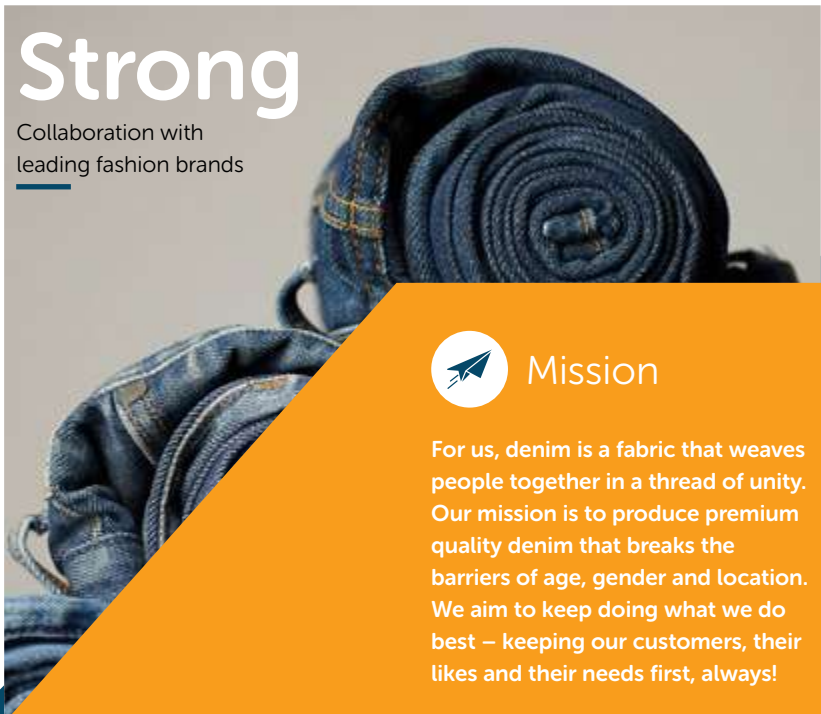
Years of experience

375

Employees

Strong

Collaboration with leading fashion brands



Mission

For us, denim is a fabric that weaves people together in a thread of unity. Our mission is to produce premium quality denim that breaks the barriers of age, gender and location. We aim to keep doing what we do best – keeping our customers, their likes and their needs first, always!



Vision

To promote Denim from an occasional lifestyle product to a fully accepted lifestyle necessity, from youth-centric fashion wear to a premium fabric that caters to all ages and from an outdoor attire to a fabric that is worn round the clock. Vishal Fabrics wants to create a world where denim is a household narrative and not just a style statement.



Values

- We credit our success to the foundation of our unflinching core values. We never compromise on production quality and are in a constant hunt for innovations that can help us in scaling up our quality levels.
- We pledge to follow the fairest business practices to ensure a healthy, just and all-inclusive business ecosystem.
- We keep customers first. Always

Expanding our geographic *presence*



Reaching key milestones

2021-22

- Added one denim line with 10 mn mtr per annum which started operations in March 2022 with total capacity of

90 MMTPA

dyeing and

105 MMTPA

processing

2017-18

- Commercial operations of balance

5-8 lines

2014-16

- The Company's equity shares were transferred from the BSE SME Platform to the BSE Mainboard Platform. The capex for the manufacturing of denim fabric with an

80 MMTPA

processing capacity began.

2022-23

- Achieved the most remarkable topline turnover of

₹ 1547.86 crores,

first time since inception.

2018-19

- Total capacity of dyeing and fabric processing of

105 MMTPA

and denim fabrics

processing of

80 MMTPA

2016-17

- Commercial operation of denim line

1-4

- Right issue worth

₹ 878 million

1985-89

- Started dyeing and processing of fabrics with capacity of

105 MMTPA

Iconic brands that we cater to



Lee

The Roadster Life Co.

ZARA

Wrangler

EMPORIO ARMANI

Calvin Klein

Calvin Klein

H&M

DIESEL

Levi's

TOMMY HILFIGER

GAS

Financial highlights

Revenue from operations

(₹ in crores)



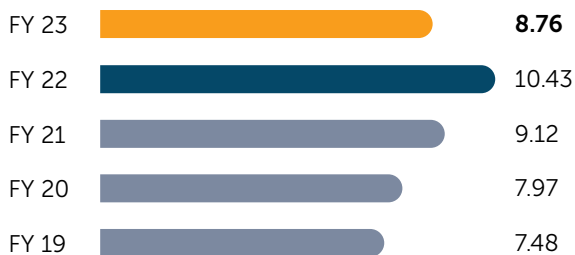
EBITDA

(₹ in crores)



EBITDA Margin

(In %)



PAT

(₹ in crores)



PAT Margin (In %)



Debt equity ratio (In times)



ROCE (₹ in crores)



ROE (₹ in crores)



Managing Director's *message*



At Vishal Fabrics, our commitment to environmental sustainability is at the heart of all that we do. We have implemented a number of significant efforts targeted at reducing our ecological footprint.



Dear Shareholders,

At Vishal Fabrics, we continue to evolve with changing times, exploring prospects and expanding our footprint. However, we still remain anchored to our core values, which have always held us in good stead.

As one of the largest denim manufacturers in Asia, we have consistently delivered impeccable quality denim that is a testament to our commitment to innovation and customer satisfaction. To enhance and diversify our product offering, we innovate and automate as much of our operating canvas as possible. We leverage our inherent strengths in technology and research to develop cutting-edge solutions that streamline our manufacturing processes and enhance the quality of our products.

Over the years, we have strategically harnessed capacity expansion and cutting-edge technology, which has helped us outpace our domestic competitors. Our reputation for sustainable practices has enabled us to forge valuable partnerships with esteemed brands, underscoring our commitment to responsible manufacturing. This has helped us secure deals with prominent names in the industry. The reputation and credibility gained from these successful deals have opened doors to new opportunities and partnerships, solidifying our position as a trusted player in the industry.

If we look at the year gone by, it has undeniably proven to be a favorable one for us. Our financial and operational performance have yielded satisfactory results, reflecting the effectiveness of our strategies and the dedication of our team.

During the year under review, we have received several awards, acknowledging our contribution to the industry. These achievements reflect both the strength of our brand and the commitment of each and every member of the Vishal Fabrics family. It is an acknowledgment that each employee deserves for their efforts, enthusiasm, and devotion towards achieving our common objectives.

At Vishal Fabrics, our commitment to environmental sustainability is at the heart of all that we do. We have implemented a number of significant efforts targeted at reducing our ecological footprint.

Our primary objective is to reduce our waste generation and emissions while promoting resource conservation. Through strategic measures such as waste reduction, reuse and recycling of material and the promotion of renewable energy sources, we are lowering our environmental impact. Moreover, our commitment to energy and water conservation serves as a testament to our holistic approach towards sustainability.

Our robust corporate governance framework ensures transparency, accountability and ethical decision-making throughout the organization. By adhering to best practices and principles, we strive to maintain the trust

and confidence of our stakeholders while driving long-term success.

As we move forward, we are committed to upholding transparency, accountability and ethical decision-making. Our pursuit of strategic alliances and adaptability to evolving market conditions will remain instrumental in ensuring sustainable growth and profitability.

I extend my heartfelt gratitude for your unwavering faith in our Company. I am confident that together, we will scale new heights.

Regards,

Mr. Brijmohan D. Chiripal
Managing Director

Chief Executive Officer's *message*



Our journey ahead holds immense promise, and we are poised to capitalise on the potential that lies within the industry.



Dear Shareholders,

It is with great pride and excitement that I reflect on our progress in the year gone by. Throughout the course of this year, we have worked towards strengthening our core businesses, optimise operations, increase customer satisfaction, and strengthen our commitment to sustainability.

Embracing a proactive approach, we have harnessed new avenues for growth and adeptly navigated the ever-evolving landscape of the market.

During the fiscal, while there were a number of headwinds in our operating environment, despite that we have performed satisfactorily. Our quality product portfolio, long standing relationships and goodwill with our clients, vendors and other valued stakeholders, have been the bedrock of our continued success.

As we have continued to work towards leveraging technology and innovation to drive growth and productivity, our dedication to this endeavor has yielded a multitude of tangible success stories, with numerous instances of marked improvements in our bottom-line performance. Notably, we have executed enhancements in various facets, including quality standards, and productivity metrics. During the

fiscal year we have been honoured as the 'Most Iconic Brand in Denim Manufacturing'.

As part of our efforts towards sustainability, we have been optimising our thermal energy plant, as well as setting up solar rooftop panels and a solar plant. Notably, during the fiscal, we have installed roof top solar at Dholi unit for 0.999MV. This is a significant step forward towards harnessing renewable energy sources and minimising our carbon footprint.

I would like to draw attention to our significant efforts in water conservation. The establishment of a liquid discharge effluent treatment plant has enabled us to efficiently recycle a substantial portion of the water used in our denim manufacturing processes. This practice enables us to reuse an impressive 70 to 75 percent of the water, effectively minimising - to -20 to 25 percent of the total consumption.

We firmly hold the belief that a thriving business must contribute positively to the welfare of society. This principle underscores our commitment to actively partake in initiatives that uplift the communities within which we operate. We consider community engagement and enrichment as integral aspects of our operations in the industry. By giving back to the community, we forge a harmonious relationship that not only strengthens our business but also contributes to the collective progress of society.

Moving forward, our focus remains steadfast on continual growth and the pursuit of excellence. We are focusing on maximising the revenue growth.

We are resolute in our efforts to bolster profitability through stringent cost controls, a focus on enhancing return ratios, and maintaining a strong balance sheet position.

Our journey ahead holds immense promise, and we are poised to capitalise on the potential that lies within the industry. With a deep understanding of market dynamics, a dedication to innovation, and an unyielding commitment to customer-centric practices, we stand strategically positioned within our sector.

To conclude, I would like to express my gratitude to our shareholders for the confidence and faith reposed by them in us, which has provided us with the impetus to embrace challenges with enthusiasm and determination. I would also like to extend my heartfelt gratitude to our colleagues, customers, vendors and partners. As we continue this journey, your belief in us is a driving force that propels us to reach new heights

Regards,

Mr. Vinay Thadani
Chief Executive Officer

Chief Financial Officer's *message*



The use of modern technology and automated machines at the Dholi unit is further expected to improve our product quality and sustain operational excellence.

Dear shareholders,

It is with a sense of genuine enthusiasm and gratitude that I address you today. It has been a great privilege of becoming a part of this esteemed company and having the honor to work under the mentorship of stalwarts like Shri Brijmohan Chiripal (MD) and Shri Vinay Thadani (CEO).

FY2022-23 has been a memorable year for us at Vishal Fabrics. Along with strong financial performances, we showed the grit and determination to navigate a challenging environment and aspire for a successful year ahead.

With a strong emphasis on expanding our reach and growing our customer base, we have ensured operational excellence and tapped into new markets. These strategic efforts have largely contributed to our revenue growth. It has also enabled us to reach

the highest-ever topline of Rs. 1547.86 crores, a staggering five-fold growth from a revenue of approximately Rs. 300 crores seven years ago.

Our financial prudence enabled us to adopt effective strategies to maintain fiscal discipline. Despite inflationary pressures, we managed to rein in costs and have successfully settled our outstanding project term loans. A loan of Rs. 198 crores was acquired to facilitate the expansion of our Dholi unit. At the moment, the sum of pre-payments stands at Rs. 71 crores and it has resulted in substantial cost savings for the Company. Besides, we have installed 0.999 MW Solar Rooftop plant at the Dholi unit to enhance energy efficiency and reduce costs incurred from power usage.

The use of modern technology and automated machines at the Dholi unit is further expected to improve our product quality and sustain operational excellence. The adoption of advanced manufacturing processes is also expected to enhance productivity of our plant while minimising operational costs.

As we step into the new fiscal, we do not intend to increase capital expenditure in the near future and intend to steer

clear of additional debt. We have also secured Rs. 40 crores in working capital to strengthen our liquidity position and meet operational requirements.

Going forward, we intend to enhance revenue growth through optimum capacity utilisation and cost reduction. It also underlines our commitment to expand our customer base and deepen our reach through the introduction of new products. Alongside, we remain focused on improving our top and bottom lines and are confident of capitalising on emerging opportunities.

In closing, I would like to express my heartfelt gratitude to our people for their unwavering dedication to the Company. I am also thankful to our shareholders whose trust has propelled us forward and instilled in us the confidence to overcome obstacles resolutely.

Regards,

Dharmesh Dattani
Chief Financial Officer

Strengthening our manufacturing capabilities

The year under review got off to a solid start, and every aspect of our business saw steady improvement. Our success in meeting and exceeding client expectations can be ascribed to the core knowledge and skills we have developed over a significant period of time.

We have two cutting-edge manufacturing facilities that are equipped with state-of-the-art technologies. These advanced capabilities enable us to deliver products of exceptional quality at competitive prices. Our Dholi unit situated in Dholi Integrated Spinning Park, Dholka, Ahmedabad (Gujarat) has a yarn dyeing and denim processing unit installed with capacity of 90 MMTPA.

Narol Plant is having capacity of 105 MMTPA. The plant is mainly used for job work purpose such as printing, dyeing, and processing wide range of fabrics i.e. cotton, polyester, viscose and man-made & blended fabrics suitable for men's wear, women's wear, home furnishing and many other applications.

Our manufacturing process

Inspection and packaging

Fabric finishing processing

Fabric weaving (outsourced)





Our fabrics manufacturing segments

Super premium

Standard

Premium

Economy

Leveraging an asset-light business model

We have adopted an asset-light company model in order to keep a strong balance sheet and good liquidity position. In this approach, critical procedures like product development, yarn dyeing, and fabric finishing are carried out internally while some procedures, such as spinning yarn and weaving fabric, are outsourced. This strategic decision enables us to focus on our core competencies and efficiently develop and produce new and trending products at a cost-effective price and with minimal lead time, helping us to maintain a competitive edge in the market and quickly adapt to evolving customer demands.

Product development

Order

Spinning yarn (outsourced)

Yarn dyeing

Keeping our people *first*

Over the years, we have built a strong and committed teams that enables us to deliver optimum results. Our strong and visionary management team steers us in the right directions ensuring effective implementation of strategies and value creation for all stakeholders.

375

Employees

4%

Attrition rate

4

Employees promoted

12+

Employee engagement programmes

Zero

Injury and accidents



Driving responsible actions

At VFL, we are dedicated to understanding and fulfilling the needs of our stakeholders in order to create shared value. Our ESG goals serve as the foundation of our sustainability journey as we aim to reduce our carbon footprint, accelerate the adoption of renewable energy, prioritise workplace safety, foster an inclusive culture, and uphold ethical business practices.

Environment

The chemicals and dyes we utilise have obtained certifications affirming their safety for the environment and ecology.

5MT

Reduction in consumption of steam

Energy management

The energy needs of our manufacturing facility are partly met through the installation of a solar plant. This solar plant serves as a captive power plant, generating energy on-site for the facility's operations. Through this, the facility reduces its reliance on external sources of energy and promotes sustainable practices by minimising carbon footprint.

Water management

Our facility operates as a Zero Discharge plant, implementing a highly efficient water management system. This system allows us to reuse water through a process known as counterflow. By utilising counterflow, we optimise the use of water resources and minimise wastage. Instead of discarding used water, it is carefully treated and recycled within the facility, ensuring every drop is put to productive use. This sustainable approach to water management aligns with our commitment to environmental responsibility, as we strive to minimise our water footprint and contribute to a more sustainable future.

In-house

Solar power plant

20%

Reduction in energy usage

250 KLD

Water recycled

95-96%

Recovery of water from RO plant



Environment

Waste management

The residual material, such as cotton fibre, is effectively repurposed by us as a valuable resource in the production of various items including denim bags, tablecloths, mats, covers, and more. By utilising these leftover materials, we ensure their efficient use and minimise waste. This sustainable practice allows us to give new life to the cotton fibre and create useful products, contributing to a circular economy and reducing our environmental impact.

Biodiversity

In our continuous effort to preserve, enhance, and promote green spaces, we have established an extensive green cover both within our plant and throughout the industrial park. We have dedicated significant resources to create lush vegetation and plant life, fostering a thriving environment. By prioritising greenery, we aim to preserve the natural ecosystem, improve air quality, and provide a visually appealing and refreshing atmosphere.

On World Environment Day, our collaboration with Radio Mirchi bore fruit as we worked together to amplify the greenery in Ahmedabad. Our joint efforts involved using radio broadcasts and digital platforms to spread awareness. This initiative sparked a remarkable response from the community, with individuals expressing keen interest in participating. Consequently, a significant number of people volunteered to join us in on-ground tree planting activities, focusing on schools and plots supervised by the Ahmedabad Municipal Corporation (AMC).



50,000

Trees planted

1000+

Students volunteered in tree plantation

Social

Our dedication to corporate social responsibility (CSR) is evident in our active involvement in educational welfare initiatives conducted by esteemed registered trusts, namely 'Chiripal Charitable Trust,' 'Happiness Reserves Foundation,' and 'Milestone Educom Trust.' These trusts have an impressive track record of effectively advancing educational development.

To foster education, we provide a diverse range of valuable resources such as educational materials, computers, study materials, student books, periodicals and teaching aids. Moreover, we offer scholarships and coaching classes to further enrich the



learning journey. We organise various robotics workshops to aware students about robotics and to create opportunities for youngsters to explore science and innovation through robotics.

Governance



At Vishal Fabrics, we prioritise operating with integrity, transparency, and adherence to all applicable laws and regulations. By upholding the highest standards, we ensure trust, sustainability, and success in our operations.

Board committees

To ensure the smooth functioning of government policies, the organisation took the initiative to establish several committees comprising board members. These committees were created with the purpose of addressing specific areas or issues related to governance, policy implementation, and decision-making. By involving a diverse group of individuals with different expertise and perspectives, the organisation aimed to enhance the effectiveness and efficiency of its operations.

Separation of chairman and CEO positions

Recognising the importance of proper governance, the organisation adopted a structure where the roles of Chairman and CEO are held by two different individuals. This clear distinction helps to avoid conflicts of interest and promote a healthy system of checks and balances within the organisation. The Chairman, typically an executive board member, provides oversight and guidance to ensure that the organisation's policies and strategies are aligned with its mission and objectives. On the other hand, the CEO, responsible for day-to-day operations, focuses on implementing these policies and leading the organisation towards its goals.

Policy on related party transactions

To ensure transparency, fairness, and adherence to legal requirements, the organisation implemented a robust policy on Related Party Transactions. This policy aims to regulate transactions between the organisation and its related parties, such as board members, executives, and their family members or affiliated businesses. By establishing clear guidelines and procedures, the organisation aims to prevent any potential conflicts of interest and ensure that these transactions are conducted in compliance with applicable laws and regulations. This helps to safeguard the organisation's integrity and maintain public trust.

Board of Directors



Mr. Brijmohan Chiripal
Chairman and Managing Director

Mr. Brijmohan Chiripal is a visionary, think tank, and a beacon of astute leadership in the Chiripal Group. He is a Chemical Engineer and dynamic entrepreneur with a vast managerial experience, he is among the main contributors to the development of Chiripal Group. He has approximately 25 years of experience in textile processing, export and domestic trading. He is associate with the Chiripal Group since long and He has very wide and rich experience in the Textile industry. He is a perfect executioner of the Company's mission and vision. His well-versed understanding of the Textile market and international markets enables the Company to undertake cost control and large size operations while ensuring high quality standards. He has brought strong execution rigor to his work and has considerably strengthened both innovation and new product development.



Mr. Ravindra Kumar Bajaj
Executive Director

Mr. Ravindra Kumar Bajaj is a Whole-time Director of our Company. He has been appointed w.e.f 25th May, 2019. Mr. Ravindrakumar Bajaj is MBBS and has around 36 years of experience and has expertise in spinning cotton, synthetics, cotton-yarn, manufacturing of cloth, operations of plant, experience in fabric, yarn business and knitted apparels.



Mr. Parmod Kumar
Executive Director

Mr. Parmod Kumar is an Executive Director of our Company. He has been appointed w.e.f 8th August, 2022. Mr. Parmod Kumar Sharma is a B.A Graduate from MDU Rohtak, and M.B.A from Punjab Technical University Jalandhar. He has worked in various Textile industries and has experience of more than 10 years in the field.



Mr. Shubhankar Jha

Independent Director

Mr. Shubhankar Jha is Independent Director of our Company. He has obtained a B. Sc. (Agriculture) from Bhagalpur University, Bihar in the year 1968 and a Post-Graduate M. A. in Gandhian Thoughts and Social Science from Gujarat Vidyapeeth in the year 2014. He has over 39 years' experience with UCO Bank in various positions from officer to General Manager. He has been part of various projects and programs of local, state and national level with entities like NABARD, SIDBI, GLPC, NAFIL, to name a few. He has also contributed in several books and information booklets for State of West Bengal, Rajasthan, Maharashtra (Mumbai) and Gujarat through NABARD and UNDP.



Mr. Susanta Kumar Panda

Independent Director

Mr. Susanta Kumar Panda is Independent Director of our Company. He is a graduate in Political Science (Hons) from Ravenshaw College affiliated to Utkal University, Odisha, Post Graduate in Political Science from University of Delhi and Law Graduate from Choudhary Charan Singh University, Meerut. He also cleared intermediate examination in science from Stewart Science College, Cuttack, Odisha affiliated to Utkal University, Odisha. He is an ex Indian Revenue Services Officer of 1982 Batch of Indian Customs, Excise and Service Tax, Government of India under Department of Revenue, Ministry of Finance. He was holding office in Ministry of Finance, Department of Revenue as Member of Central Board of Indirect Tax and Customs (CBIC).



Mrs. Dhara Shah

Independent Director

Mrs. Dhara Shah is Independent Director of our Company since September 28, 2015. She is Practicing Company Secretary by Profession. She has comprehensive experience in Corporate Law, Compliance with ROC, Secretarial Audit. Being an Independent Director of the company her role currently is to ensure that the Board adheres to various Compliances as required under various regulations.

Corporate information

Board of Directors

Mr. Brijmohan D. Chiripal

Managing Director
(DIN: 00290426)

Mr. Amit K. Kadmawala

Whole Time Director
(DIN: 07016454)
(Up to November 7, 2022)

Mr. Ravindra Bajaj

Whole Time Director
(DIN: 08243855)

Mr. Parmod Kumar

Executive Director
(DIN: 06387498)
(Appointed w.e.f August 08, 2022.)

Mr. Shubhankar Jha

Independent Director
(DIN:07208823)

Mrs. Dhara Shah

Independent Director
(DIN:06983857)

Mr. Susanta Kumar Panda

Independent Director
(DIN: 07917003)

Board Committees

Audit Committee

Mr. Susanta Kumar Panda

Chairman

Mr. Brijmohan D. Chiripal

Member

Mr. Shubhankar Jha

Member

Mrs. Dhara Shah

Member

Nomination & Remuneration Committee

Mrs. Dhara Shah

Chairman

Mr. Shubhankar Jha

Member

Mr. Susanta Kumar Panda

Member

Stakeholders' Relationship Committee

Mr. Susanta Kumar Panda

Chairman

Mr. Shubhankar Jha

Member

Mrs. Dhara Shah

Member

Corporate Identity Number (CIN)

L17110GJ1985PLC008206

Bankers

Bank of Baroda
Bank of Maharashtra
Union Bank Of India
State Bank of India
CSB Bank Limited
South Indian Bank
Bandhan Bank

Chief Executive Officer (CEO)

Mr. Vinay Thadani

(CFO Upto May 19, 2022 and then
appointed as CEO)

Chief Financial Officer (CFO)

Mr. Dharmesh Dattani
(Appointed w.e.f August 8, 2022)

Company Secretary & Compliance Officer

Ms. Pooja Dhruve

(Appointed w.e.f February 10, 2023)

Mr. Nikhil Vadera

(Up to November 11, 2022)

Registered Office/Corporate Office:

Shanti Corporate House, Near Hira
Rupa Hall, Bopal - Ambli Road, Bopal,
Ahmedabad – 380058

Tel: 02717 -466959,

Fax: 091-7925353981

Statutory Auditors

M/s. Nahta Jain & Associates

Chartered Accountants

Internal Auditors

M/s. Jhaveri Shah and Company
M/s. Haribhakti & Co. LLP

Registrar and Share Transfer Agent

Link Intime India Private Limited

E-MAIL

cs.vfl@vishalfabrics.co.in

Website

www.vishalfabricsltd.com

Management Discussion and Analysis

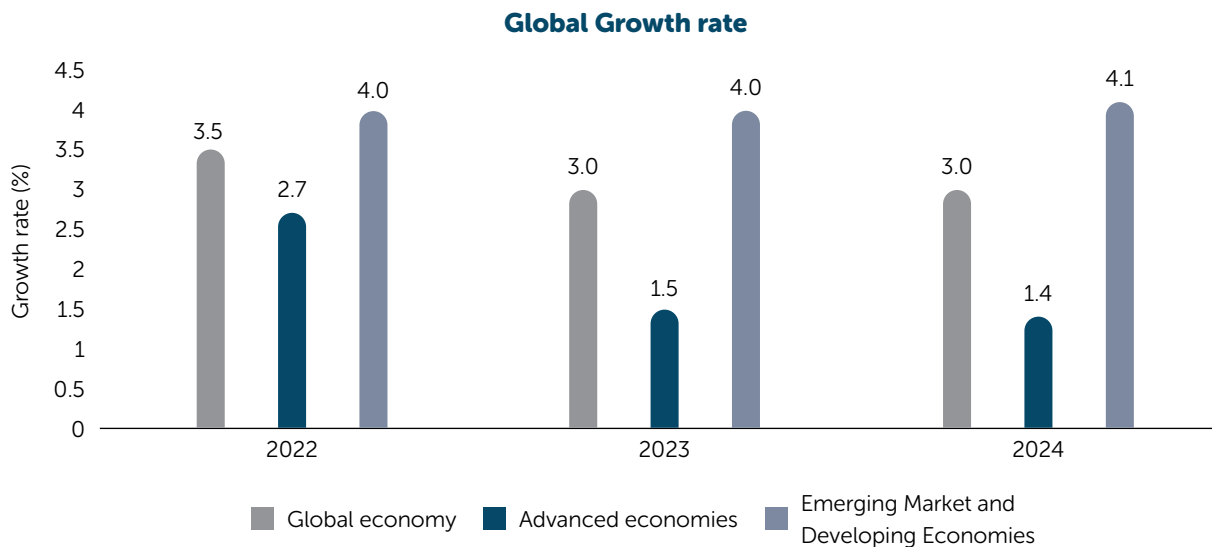
Global economy

Amid conflicts and geopolitical tensions, the global economy is expected to show a growth rate of 3.0% in CY2023 and CY2024.¹

In recent years, the global economy has encountered several headwinds, including geopolitical tensions and broadening inflationary pressures, with far-reaching effects on supply chains and economic stability worldwide. These shocks have impacted global trade and employment. The crisis in Ukraine, triggered further economic turmoil, leading to food insecurity concerns in developing nations. Moreover, high inflation eroded real incomes, resulting in a global cost-of-living crisis, pushing millions into poverty and economic hardship. However, despite

these challenges, there are certain positive signs offering some hope about a possible rebound for the global economy, especially in emerging markets and developing economies (EMDEs). The EMDEs have demonstrated remarkable resilience, defying the odds amid global economic turmoil. Their demographic dividend, combined with sustained growth and attractive investment opportunities, makes them an attractive destination for businesses seeking expansion and access to new consumer markets. Furthermore, substantial investments in infrastructure in emerging markets have created growth opportunities for various industries. The comparatively lower labour costs in these markets have also made them attractive to companies aiming to reduce expenses and enhance profitability².

Global growth (%)



(Source- IMF World Economic Outlook, July 2023)

Outlook

Notwithstanding the challenges faced by economies in CY22, the global economy has a promising outlook, buoyed by the resilience showcased by economies worldwide. Faced with obstacles, nations have exhibited remarkable adaptability, implementing strategies to diversify their economies and discover alternative solutions. This period of turbulence has

served as a catalyst for innovation, propelling nations to fortify their economic foundations and embrace transformative ideas. Advanced economies are poised to experience a resurgence, propelled by robust fiscal and monetary policies that bolster confidence and stimulate economic activity. Moreover, there is a collective optimism that global headline inflation will recede, alleviating cost pressures and fostering an environment conducive to sustainable expansion.

¹<https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023>

²<https://desapublications.un.org/publications/world-economic-situation-and-prospects-2023>

Indian economy

The Indian economy continues to exhibit resilience and has emerged as one of the fastest-growing major economies, according to estimates by the National Statistical Office (NSO). Based on the second advanced estimates by the NSO, India has clocked a growth 7.2% during FY23. This growth is fuelled by the expansion of e-commerce, particularly in the general merchandise and fashion markets, where two-thirds of India's e-commerce market is expected to be concentrated. The demand for electronics, driven by consumer preferences for enhanced living and home decor, is also set to contribute significantly to the general merchandise category. India's economic growth is primarily driven by rising consumer demands, despite a projected headline inflation rate of 6.8% for FY23. Private consumption accounted for 58.4% of the GDP in Q2 of FY23, reflecting the recovery of consumer sentiments.³

Outlook

Looking ahead, FY24 is anticipated to witness rapid and consistent expansion, supported by increased capital investment, a rebound in export trade post-pandemic, and a reduction in global uncertainties. The recovery in private consumption and capital expenditure has been the key driver of growth, along with a sustained increase in credit financing. The sustained rebound of the MSME sector, facilitated by government schemes, is expected to support job creation and further boost economic growth. The Indian economy is expected to grow at a steady pace in the coming years, driven by various factors, including government initiatives aimed at boosting investment and consumption, as well as increasing foreign investment and exports. However, challenges such as inflation and rising oil prices may also impact the economy's performance in the long run.⁴

Industry overview

The Indian textiles and apparel industry is a leading player in the global textile sector. India is the 5th largest producer of technical textiles worldwide, with a market size of nearly USD 22 billion. The industry aims to reach USD 300 billion by FY 2047. It is highly diversified, encompassing traditional handloom, handicrafts, wool, silk and organised textile manufacturing. India's readymade garment exports are projected to grow at a CAGR of 12-13% and exceed USD 30 billion by FY 2027. In FY 2021-22, India achieved record-high textile exports, surpassing USD 44 billion. Cotton plays a vital role, as India is the largest global cotton producer, sustaining millions of farmers and related activities. Additionally, India produced 90 lakh bales of raw jute in FY 2021-22. The domestic textiles and apparel industry has experienced significant growth with a projected CAGR of 12%, the industry is set to further expand and reach USD 250 billion by FY 2025. This remarkable growth trajectory demonstrates the industry's resilience and promising potential, showcasing India's prowess in the textile and apparel sector. The

major export destinations include the USA, the EU, Bangladesh and the UAE. The industry contributes approximately 2% to India's GDP and 7% of the industry output. It also provides direct employment to 45 million people and supports 100 million people in allied industries. Furthermore, India has emerged as the second-largest manufacturer of PPE globally, with over 600 certified companies. The global market for PPE is expected to exceed USD 92.5 billion by FY2025. India's significant production capabilities and its 5% share of the global textiles and apparel industry underscore its prominence in the sector.⁵

Outlook

The Indian Textiles Industry is poised for significant growth in the coming years. With the government's focus on boosting domestic manufacturing and exports, coupled with the increasing demand for sustainable and eco-friendly textiles, the industry is expected to witness a surge in investments and technological advancements. Additionally, the rise of e-commerce platforms has opened up new avenues for the industry to reach a wider customer base, further fuelling its growth potential. India's emergence as a key player in the global market for Personal Protective Equipment (PPE) further strengthens its prominence in the sector.

Opportunities

Robust innovation and R&D

India's textile industry is striving to gain a competitive edge in the global market through a focus on innovation and robust research and development (R&D). The industry aims to achieve excellence in terms of product quality and sustainability. Prior to implementing advanced strategies and business process innovation, it is important to create a new business plan. Therefore, the National Technical Textile Mission (NTTM) has approved 74 research projects, valued at Rs. 232 crore, for speciality fibre and technical textiles. Additionally, 31 new HSN codes have been developed in this sector. The Indian government has allocated Rs. 1,000 crore specifically for R&D in the technical textiles sector.

Revising existing schemes and policies

The Indian youth possesses an immense potential that can be realised through the 'Make in India' initiative. The Pradhan Mantri Kaushal Vikas Yojana is a commendable effort aimed at skilling the youth in various fields, including AI, analytics and mechatronics, preparing them to lead India into the digital age. The vision of making AI work for India is a pioneering concept and the proposed centres of excellence for AI will facilitate interdisciplinary research, fostering the development of cutting-edge applications with a profound impact on the textile industry. In addition, the government's initiatives such as the PM PRANAM and Atmanirbhar Clean Plant Programme demonstrate the Government's commitment to green manufacturing.⁶

³<https://pib.gov.in/PressReleasePage.aspx?PRID=1894932>

⁴<https://www.indiabudget.gov.in/economicssurvey/doc/echapter.pdf>

⁵<https://www.investindia.gov.in/sector/textiles-apparel>

⁶<https://www.indiabudget.gov.in/>

Gaining investment

The Union Budget 2022-23 allocated a total of Rs. 12,382 crore to the textile sector, for various schemes such as the Textile Cluster Development Scheme, National Technical Textiles Mission, PM Mega Integrated Textile Region and Apparel Parks and the Production-Linked Incentive (PLI) Scheme. The National Handloom Development Programme and Handloom Marketing Assistance will provide additional assistance for marketing and development. The Government has also implemented export promotion policies and allows 100% FDI in the sector. Moreover, the approval of a textile park in Lucknow and the allocation of Rs. 4,389.24 crore in the Union Budget 2023-24 for initiatives like the Amended Technology Upgradation Fund Scheme and Integrated Processing Development Scheme will further bolster the industry's prospects. A robust supply network, coupled with affordable logistical and manufacturing costs, is expected to contribute to the growth of the textile industry. The sector remains attractive for substantial investment, with a focus on achieving a favourable return on investment. Both startups and foreign direct investment (FDI) play crucial roles in driving the sector forward, supported by the industry's revenue generation and growing demand for textiles.⁷

Advancements in digital textile technologies

The Indian textile sector has adopted best-in-class digital technologies that has completely transformed manufacturing processes, enabling automation and data-driven operations for improved efficiency and customer service. Nanotechnology has contributed to sustainability by making production processes more environment-friendly. Pleating technology has advanced and knitting equipment is widely used, supporting the growth of the textile and garment industries. Quality testing technology plays a crucial role in ensuring optimal output quality, while advancements in 3D technology have facilitated product design and custom-made apparel. E-commerce has provided new channels for customers to connect with manufacturers and retailers, boosting India's position in apparel exports. These technological advancements have had a profound impact on India's textile industry, leading to increased production, cost-cutting, and improved exports. The industry's future looks promising with continued innovation and growing demand.⁸

Challenges

Inadequate raw material supply

The Indian textile industry faces challenges associated with raw material availability and productivity. Raw materials, particularly long-staple cotton, are in low supply and need to be imported from various countries. Despite having a significant amount of cotton plantations, India contributes only 9% to global cotton production. The productivity of Indian industrial workers is considerably lower compared to countries including Japan and the United States. Additionally, there are concerns pertaining

to poor labour relations, resulting in strikes and disruptions in cotton mills across the nation.⁹

Infrastructure bottlenecks

The Indian textile industry faces setbacks due to poor infrastructure, outdated equipment and low-quality production. A considerable portion of cotton textile factories in India employs outdated machinery, with a large percentage of spindles older than 25 years. Only 18% of the looms in the country are automatic, compared to the global average of 62%. As a result, Indian textile products struggle to compete in the global market. To address these challenges and keep up with industrialisation and globalisation, there is a pressing need for infrastructure expansion and investments in process standardisation.¹⁰

Shortage of labourers due to a mass return

The Indian textile industry has traditionally relied on manual labour, unlike foreign countries which have embraced automation. This reliance on labour poses challenges in meeting the desired quality standards. Acquiring skilled labour is often a challenging task for the industry, leading to the need for innovative solutions and technological advancements to boost productivity and ensure consistent quality output.

Company overview

Vishal Fabrics is leading player in the textile industry with a rich legacy spanning 30 years. The Company has gained a strong reputation for its expertise in dyeing, printing and processing denim and other fabrics. With a commitment to exceeding customer expectations, Vishal Fabrics has built a robust value chain. The Company has an unwavering focus on innovation and it has been at the forefront of producing wider-width fabrics, setting itself apart from competitors. As a result, Vishal Fabrics has established a strong market presence and has become a trusted name in the textile industry.

Manufacturing capabilities

Vishal Fabrics is a reputed player in the textile industry, known for its advanced manufacturing capabilities. The Company excels in various processes such as dyeing, printing and processing of denim and other fabrics. With state-of-the-art machinery and a skilled workforce, Vishal Fabrics maintains a competitive edge in the market. Their sustainable production policy and advanced manufacturing facilities contribute to their operational excellence. With a dyeing capacity of 90MMPA, a processing capacity of 105MMPA, and a dedicated design team creating over 40 products each month, the Company consistently delivers quality across domestic and international markets. Vishal Fabrics holds certifications including ISO 9001:2015, ISO 14001:2015, OEKO-TEX, BCI, and GOTS, ensuring compliance with global standards. Through continuous innovation and expansion, the Company remains committed to providing high-quality textile products to its customers.

⁷<https://www.indiabudget.gov.in/>

⁸<https://textilevaluechain.in/news-insights/innovations-in-the-textile-industry-of-india/>

⁹<https://www.onlineclothingstudy.com/2022/08/demerits-of-textile-industry-in-india.html>

¹⁰<https://www.onlineclothingstudy.com/2022/08/demerits-of-textile-industry-in-india.html>

Operational performance

Financial Performance (Rs. in crore)

Particulars	FY2023	FY2022	YoY Change (in %)
Revenue from operations	1547.86	1546.76	0.07
EBITDA	135.66	161.38	-15.94
PAT	52.82	69.04	-23.49
Net worth	390.30	334.61	16.64

Key ratios

Ratios	FY 2022-23	FY 2021-22	Reason for the variance of 25% or more
Debtors Turnover (no. of days)	3.64	4.11	NA
Inventory Turnover (no. of days)	17.61	19.88	NA
Interest Coverage Ratio (in times)	3.63	4.27	NA
Current Ratio (in times)	1.79	1.57	NA
Debt Equity Ratio (in times)	0.81	1.13	Substantial Debt has been repaid during the year
Operating Profit Margin (in %)	8.76	1.13	NA
Net Profit Margin (in %)	3.41	4.46	NA
Return on Net Worth (in %)	18.12	20.63	NA

Risks and concerns

Risks	Mitigation
<p>Competition risk</p> <p>The market share, margin profile, and return on capital employed may be adversely affected by an escalation in competition.</p>	<p>VFL's extensive research and development efforts, coupled with their commitment to innovation and the provision of superior textile solutions, along with their strategic partnerships and enduring customer connections, effectively mitigate the associated risks.</p>
<p>Exchange rate risk</p> <p>The Company may face risks associated with currency exchange rate fluctuation, especially if it engages in international trade or relies on imported materials.</p>	<p>VFL maintains regular oversight of its currency exposure and adheres to an efficient currency trading approach.</p>
<p>Technology risk</p> <p>Failure to adapt to new technologies or industry trends could result in becoming less competitive and potentially losing market share.</p>	<p>Initiatives are implemented to execute a risk management program as needed, and the organizational structure is reviewed to ensure that controls are functioning effectively and accommodating changes within the organization. Monitoring activities can be incorporated into the existing governance framework of the organization, allowing for the integration of risk measurement and monitoring processes.</p>
<p>Raw material price inflation risk</p> <p>Volatility in the prices of raw materials can impact production costs and profit margins.</p>	<p>The Company's undertaken initiatives encompassing cost optimization, product localization, supply chain efficiency enhancement, and material yield improvement contribute to the Company's readiness in mitigating the impact of raw material price increases.</p>

Human resource

Prioritising the well-being of its workforce, the Company promotes a nurturing work culture. It has a dedicated team of 375 personnel and consistently facilitates their development through training programmes and induction programmes for new hires. VFL fosters steady employee engagement by providing an interactive platform for knowledge sharing among workers. The management maintains regular communication with the workforce, ensuring a robust network and alignment with VFL's strategy. The Company's commitment to foster the professional development of its people contributes to a positive work environment and drives the Company's overall success.

Outlook

Owing to its robust manufacturing capabilities, focus on innovation and commitment to delivering high-quality products, the Company's outlook for the upcoming year is optimistic. With a sustainable production policy and state-of-the-art facilities, the Company ensures operational excellence and boosts customer satisfaction. Capitalising on industry opportunities, the Company aspires to increase its revenue, expand its reach, optimise costs and forge strategic partnerships with global retail brands. By expanding its manufacturing capabilities, offering a wider range of top-notch textiles and consistently adopting advanced technology, Vishal Fabrics has sustained its competitive edge over the years while meeting evolving customer demands. With a strong market presence, commitment to quality and focus on employee engagement, the Company is well-positioned for sustainable growth in the textile industry.

Internal control and adequacy

Vishal Fabrics maintains suitable internal control systems, which are consistently enhanced and adapted to align with evolving business conditions and meet statutory and accounting obligations. The company also possesses a strong Management Information System that forms an essential component of its control mechanism. The Audit Committee of the Board of Directors regularly assesses the efficiency and effectiveness of these internal control systems, proposing enhancements and reinforcing measures. Throughout the year, the internal control system underwent thorough testing, revealing no significant weaknesses in its design or operations.

Disclaimer

The MDA section includes forward-looking statements that highlight the potential future prospects of the Company. These statements are subject to inherent risks and uncertainties that may cause actual results to differ materially. Additionally, macro-environmental changes and the unpredictable nature of global events, such as the pandemic, present unforeseen challenges for the Company and its operating environment. The information provided in the report is based on assumptions derived from both internal and external sources and these assumptions may change over time, leading to corresponding adjustments in the estimates provided. It is important to note that these forward-looking statements reflect the Company's current intentions, beliefs, or expectations and are valid as of the date they were made. The Company does not have an obligation to update or revise these statements in light of new information or future events unless required by applicable regulations.

Notice of Annual General Meeting

VISHAL FABRICS LIMITED

CIN- L17110GJ1985PLC008206

Reg. Office - Shanti Corporate House, Near Hira Rupa Hall, Bopal - Ambli Road, Bopal, Ahmedabad - 380058

Mail - cs.vfl@vishalfabrics.co.in

NOTICE is hereby given that the 38th Annual General Meeting of the members of **Vishal Fabrics Limited** (the Company) will be held on **29th September 2023 at 2:00 PM IST** through Two-Way Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") facility, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2023, together with the reports of the Board of Directors and the Auditors thereon.

"RESOLVED THAT the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2023 and the reports of the Board of Directors and Auditors' thereon, as circulated to the members be and are hereby considered and adopted."

2. To appoint a Director in place of Mr. Parmod Kumar (DIN:06387498), who retires by rotation and being eligible offers himself for re-appointment.

"RESOLVED THAT in accordance with the provisions of Section 152 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, Mr. Parmod Kumar (DIN:06387498), who retires by rotation at this meeting and being eligible, offers himself for reappointment, be and is hereby appointed as a Director of the Company."

3. To consider and approve appointment of M/s. A S R V & CO, Chartered Accountants, (FRN: 135182W), Ahmedabad as Statutory Auditors of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Sections 139, 141, 142 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions, if any and pursuant to the recommendations of the Audit Committee and Board of Directors of the Company, M/s. A S R V & CO, Chartered Accountants, (FRN: 135182W), Ahmedabad be and are hereby appointed as the Statutory Auditors of the Company for a period of 5 (Five) years from the conclusion of this 38th Annual General Meeting till the conclusion of the 43rd Annual General Meeting on such remuneration as may

be decided by the Board of Directors in consultation with the Statutory Auditors of the Company."

"RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorized 'Committee' thereof) of the Company, be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to above resolution."

SPECIAL BUSINESS:

4. **Ratification of Remuneration of Cost Auditor of the Company:**

To consider and if thought fit, pass the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. A.G. Tulsian and Co., Practicing Cost Accountants (FRN: 100629), who are appointed as the Cost Auditor of the Company by the Board of Directors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2024 with remuneration not exceeding of Rs. 50,000/- plus GST and reimbursement of out-of-pocket expenses as approved by the Board of Directors be and is hereby ratified and approved; and

"RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary to give effect to this resolution."

5. **Reappointment of Mr. Ravindra Bajaj (DIN: 08243855) as Whole Time Director of the Company and approve his remuneration.**

To consider and, if thought fit, to pass the following Resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and the Articles of

Association of the Company, the consent of the Members of the Company be and is hereby accorded for the re-appointment of Mr. Ravindra Bajaj (DIN: 08243855) as whole time director of the Company for a period of five years with effect from May 25, 2024 to May 24, 2029.”

“RESOLVED FURTHER THAT pursuant to the provisions of section 196 and 197 and all other applicable sections of the Companies Act, 2013 read with schedule V of the said Act, and on recommendation of Nomination and Remuneration committee and as agreed, by the Board of Directors (hereinafter referred to as the Board, which term shall unless repugnant to the context by the Board in this behalf), approval of the Company be and is hereby accorded to fix and pay following remuneration and perquisites to Mr. Ravindra Bajaj (DIN: 08243855) as Whole Time Director and whose period of office shall liable to retire by rotation.”

Remuneration: Pursuant to Section 197 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder read with relevant Regulation of SEBI (LODR) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, Mr. Ravindra Bajaj (DIN: 08243855) be paid a remuneration, perquisites & other benefits amounting not exceeding to Rs. 40.00 Lacs per annum provided that any such remuneration, perquisites & other benefits payable to Mr. Ravindra Bajaj (DIN: 08243855) shall not exceed the overall ceiling limit of the total managerial remuneration or such other limits as may be prescribed under the Companies Act, 2013 Act from time to time and shall be subject to the terms & conditions as may be mutually agreed upon between the Board of Directors and the re-appointing Director.

Perquisites and other benefits may include the following:

- Medical Insurance and Personal Accident Insurance
- Medical Reimbursement
- Conveyance & Travelling
- Mobile/Telephone Facility
- Reimbursement of such other expenses relating, including but not limited to day-to-day utilities viz. gas, electricity, furniture and fixtures etc., traveling, field visits, mobile, e-mail devices, communication facilities, entertainment, other out-of-pocket expenses, etc. incurred by him in connection with or relating to the business of the Company.
- Other perquisites, allowances, benefits and amenities as per as may be mutually agreed upon between the Board of Directors and the re-appointing Director from time to time.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary, alter or modify the different components of the above stated remuneration as may be agreed to between the Board of Directors and Mr. Ravindra Bajaj (DIN: 08243855).

“RESOLVED FURTHER THAT notwithstanding anything mentioned above, where in any financial year during the currency of Whole Time Director, the company has no profit or its profit are inadequate, the remuneration will have to be limited to amounts specified in section II and Section III of Part II of schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution.”

6. Approval of revision in the remuneration of Mr. Parmod Kumar (DIN: 06387498) as an Executive Director of the Company.

To consider and if thought fit, to pass the following resolution as a Special Resolution: -

“RESOLVED THAT pursuant to the provisions of Section 197 and any other applicable provisions of the Companies Act, 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of the Nomination and Remuneration Committee, the consent of the Members of the Company be and is hereby accorded for revision in the remuneration of Mr. Parmod Kumar (DIN: 06387498) as an Executive Director of the Company.

“RESOLVED FURTHER THAT pursuant to the provisions of Section 197 and any other applicable provisions of the Companies Act, 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) of the Companies Act, 2013 and on recommendation of Nomination and Remuneration Committee and as agreed, by the Board of Directors (hereinafter referred to as the Board, which term shall unless repugnant to the context by the Board in this behalf), approval of the Members be and is hereby accorded to fix and pay following remuneration and perquisites to Mr. Parmod Kumar (DIN: 06387498) as an Executive Director of the Company.”

Remuneration: Pursuant to Section 197 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder read with relevant Regulation of SEBI (LODR) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, Mr. Parmod Kumar be paid a remuneration, perquisites & other benefits amounting not exceeding to Rs. 15.00 Lacs per annum provided that any such remuneration, perquisites & other benefits payable to Mr. Parmod Kumar shall not exceed the overall ceiling limit of the total managerial remuneration or such other limits as may be prescribed under the Companies Act, 2013 Act from time to time and shall be subject to

the terms & conditions as may be mutually agreed upon between the Board of Directors and Mr. Parmod Kumar.

Perquisites and other benefits may include the following:

- Medical Insurance and Personal Accident Insurance
- Medical Reimbursement
- Conveyance & Travelling
- Mobile/Telephone Facility
- Other perquisites, allowances, benefits and amenities as per as may be mutually agreed upon between the Board of Directors and the re-appointing Director from time to time.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary, alter or modify the different components of the above stated remuneration as may be agreed to between the Board of Directors and Mr. Parmod Kumar.

"RESOLVED FURTHER THAT notwithstanding anything mentioned above, where in any financial year during the currency of Director, the company has no profit or its profit are inadequate, the remuneration will have to be limited to amounts specified in section II and Section III of Part II of schedule V of the Companies Act, 2013."

"RESOLVED FURTHER THAT the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution."

By order of the Board of Directors
Vishal Fabrics Limited

Date: August 1, 2023
Place: Ahmedabad

Pooja Dhruve
Company Secretary
& Compliance Officer
(Mem No. A48396)

NOTES:

1. Relevant Explanatory Statement pursuant to provisions of Section 102 of the Companies Act, 2013, Regulations 17 and 36(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force (hereinafter referred to as "the Listing Regulations") and as required under Secretarial Standard – 2 on General Meetings issued by the Institute of Company Secretaries of India (ICSI), in respect of Ordinary Business items i.e. item no. 3 and Special Business item i.e. item no. 4 to 6 as set out above is annexed hereto.
2. Pursuant to General Circular No. 10/2022 dated December 28, 2022 in relation to "Clarification on holding AGM through VC & OAVM", the Ministry of Corporate Affairs ('MCA') has allowed the companies whose AGMs were due to be held in / during the year 2023, to conduct their AGMs on or before September 30, 2023 through VC / OAVM without the physical presence of the members at a common venue. Further, on receiving various representations, the Securities and Exchange Board of India ('SEBI') also issued Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 providing relaxation from requirements under Regulation 36(1)(b) of Listing Regulations up to September 30, 2023 in respect to sending hard copies of Annual Reports to the shareholders.

The above MCA Circular & SEBI Circular are to be read with the previously issued MCA General Circular Nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020 in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 on account of the threat posed by COVID-19" and MCA General Circular Nos. 20/2020, 02/2021, 19/2021, 21/2021 and 02/2022 dated May 5, 2020, January 13, 2021, December 8, 2021, December 14, 2021 and May 5, 2022, respectively, in relation to "Clarification on holding AGM through VC & OAVM" (hereinafter collectively referred to as "MCA Circulars") and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (hereinafter collectively referred to as "SEBI Circulars").

Accordingly, in compliance with the aforementioned MCA Circulars and SEBI Circulars, the 38th Annual General Meeting ("AGM") of the Company will be held on 29th September 2023 at 2:00 PM (IST) through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) facility to transact the businesses as set out in the Notice of AGM and therefore no physical presence of members is required.
3. Corporate Members are entitled to appoint their authorized representatives pursuant to Sections 112 and 113 of the Companies Act, 2013, as the case may be, to attend the AGM through VC/OAVM or to vote through e-Voting are requested to send a certified copy of the Board resolution to the Scrutinizer by e-mail at projects.csa@gmail.com with a copy marked to cs.vfl@vishalfabrics.co.in
4. This AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. Members of the Company as on the record date i.e. 1st September, 2023 will receive the Annual Report along with Notice through Email whose Email IDs are registered with the Depository or Company and it's also be available on the Company's website at <https://vishalfabricsltd.com/annual-reports/> and on the website of Link Intime at <https://instavote.linkintime.co.in/>
8. Those shareholders who have already registered their e-mail address are requested to keep their e-mail addresses validated with their depository participants / the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited to enable servicing of notices / documents / annual Reports electronically to their e-mail address.
9. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to participate at the AGM.
10. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 and the Register of Contracts maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
11. Members are requested to intimate changes, if any, pertaining to their name, postal address, Email address, telephone/ mobile numbers, PAN, mandates, nominations, power of attorney, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs.
12. Members are requested to note that, dividends if not encashed for a period of 7 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"). Further, all the shares in respect of which dividend has remained unclaimed for 7 consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.

13. The information regarding the Director(s) who is / are proposed to be re-appointed, as required to be provided under Listing Regulations and Secretarial Standard on General Meetings issued, is annexed hereto.
14. In compliance to the aforementioned circulars, the Annual Report for the Financial Year 2022-2023 of the Company will be sent through electronic mode only (i.e. Email) to those Shareholders of the Company whose Email Id are registered with the Company or the RTA.
15. The Annual Report along with the Notice of AGM will be available on Company's website on www.vishalfabricsltd.com
16. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
17. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 22nd September, 2023 only, shall be entitled to avail the facility of remote e-voting/e-voting and participate in the AGM.
18. Mr. Chirag Shah, Practicing Company Secretary (Membership Number FCS: 5545 COP: 3498) has been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.

The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, first count the votes cast during the meeting and thereafter unblock the votes cast through remote e-voting and e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two working days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on 22nd September, 2023.

19. The results declared along with the Scrutinizer's Report shall be uploaded on the website of the Company i.e. www.vishalfabricsltd.com and on the website of Link Intime at <https://instavote.linkintime.co.in/> and the same shall also be communicated to BSE where the equity shares of the Company are listed.
20. All documents referred to in the accompanying notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and public holiday, during business hours up to the date of the Annual General Meeting.
21. The Companies Act, 2013 provides nomination facility to the members. As a member of the Company, you have an option to nominate any person as your nominee to whom your shares shall vest in the unfortunate event of your death. It is advisable to avail of this facility especially by the members who currently hold shares in their single name. Nomination can avoid the process of acquiring any right in shares through transmission by law. In case of nomination for the shares held by the joint holders, such nomination will be effective only on death of all the holders. The shares which are held in dematerialized form, the nomination form needs to be forwarded to your Depository Participant.
22. The detailed procedure for participation in the meeting through VC/OVAM

INSTRUCTIONS FOR CASTING VOTES BY REMOTE E-VOTING HOW DO I VOTE ELECTRONICALLY USING NSDL E-VOTING SYSTEM?

Remote e-Voting Instructions for shareholders post change in the Login mechanism for Individual shareholders holding securities in demat mode, pursuant to SEBI circular dated December 9, 2020:

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post 9th June, 2021.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsd.com either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com Select "Register Online for IDeAS Portal" or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) & login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</p> <p>After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>

Type of shareholders	Login Method
Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.	<ol style="list-style-type: none"> Open the internet browser and launch the URL: https://instavote.linkintime.co.in <ul style="list-style-type: none"> Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: - <ol style="list-style-type: none"> User ID: Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company. <p>Shareholders/ members holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above</p> <ul style="list-style-type: none"> Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter). Click "confirm" (Your password is now generated). Click on 'Login' under 'SHARE HOLDER' tab. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'. After successful login, you will be able to see the notification for e-voting. Select 'View' icon. E-voting page will appear. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link). After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body'** login for the Scrutinizer to verify the same.

- Shareholders/ members can set the password of his/ her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter.

Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, have forgotten the password:

- Click on **'Login'** under **'SHARE HOLDER'** tab and further Click **'forgot password?'**
- Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on **'Submit'**.
 - In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

The remote e-voting period commences on September 26, 2023, Tuesday at 9.00 a.m. and ends on September 28, 2023, Thursday at 5.00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 22, 2023, Friday may cast their votes electronically.

Voting rights of a member shall be in proportion to his share in the paid-up equity share capital of the Company as on the cut-off date, i.e., 22nd September 2023.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINKINTIME.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at <https://instavote.linkintime.co.in>, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 –4918 6000.

Insta Vote Support Desk

Link Intime India Private Limited

CONTACT DETAILS

Login type	Helpdesk details
Company	Vishal Fabrics Limited Shanti Corporate House, Beside Hira Rupa Hall, Opposite Landmark Hotel, Bopal, Ambli Road, Ahmedabad – 380058 Phone: 9099952542; Email: cs.vfl@vishalfabrics.co.in Web: https://vishalfabricsltd.com/
Registrar and Transfer Agent	Link Intime India Private Limited C-101, 1 st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai - 400083, Maharashtra. Tel: +91 79 2646 5179/86/87; Email: ahmedabad@linkintime.co.in ; Web: linkintime.co.in
E-Voting Agency	Link Intime India Private Limited https://instavote.linkintime.co.in enotices@linkintime.co.in contact on: - Tel: 022 –4918 6000
Scrutinizer	Chirag Shah & Associates Practising Company Secretary Email : projects.csa@gmail.com Ph.: 079 40020304

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to cs.vfl@vishalfabrics.co.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to cs.vfl@vishalfabrics.co.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode.
3. Alternatively, shareholder/members may send a request to instameet@linkintime.co.in for procuring user id and password for e- voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

EXPLANATORY STATEMENT

EXPLANATORY REGULATION STATEMENT PURSUANT TO PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH REGULATIONS 17 AND 36(5) OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (INCLUDING ANY STATUTORY MODIFICATION(S) OR REENACTMENT THEREOF, FOR THE TIME BEING IN FORCE)

Item No. 3

Appointment of M/s. A S R V & CO, Chartered Accountants (Firm Registration Number 135182W) as Statutory Auditors of the Company in place of M/s. Nahta Jain & Associates, Chartered Accountants, Statutory Auditors, the current Statutory Auditors of the Company have completed their two terms of five consecutive years as Statutory Auditors of the Company. M/s. Nahta Jain & Associates, Chartered Accountants are not statutorily eligible for re-appointment and therefore cannot continue as Statutory Auditors of the Company with effect from the conclusion of the ensuing Annual General Meeting to be held on for the financial year 2022-23.

At the Meeting held on August 1, 2023, the Board of Directors have recommended the appointment of M/s. A S R V & CO, Chartered Accountants (Firm Registration Number 135182W) as Statutory Auditors of the Company, in place of M/s. Nahta Jain & Associates Chartered Accountant, to hold office from the conclusion of this 38th Annual General Meeting till the conclusion of the 43rd Annual General Meeting on remuneration to be fixed by the Board of Directors as may be recommended by the Audit Committee, subject to the approval of the Members.

Pursuant to Section 139 of the Companies Act, 2013 and the rules framed thereunder, the Company has received written consent from M/s. A S R V & CO., Chartered Accountants, (Firm Registration No. 135182W) and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. A S R V & CO, Chartered Accountants, (Firm Registration No. 135182W), has confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

None of the Directors, Key Managerial Personnel of the Company and their relatives, are concerned or interested in the above Resolution.

Your Directors recommend the Resolution set out in Item No. 3 as an Ordinary Resolution for your approval.

Statement containing additional disclosure as required under Regulation 36(5) of the Listing Regulations;

Proposed fees payable to the statutory auditor for the financial year 2023-24	Rs. 9,00,000/- per annum besides all taxes, reimbursement of travelling and out of pocket expenses incurred
Term of appointment	Five consecutive years
Material changes in the fee payable to new Statutory auditor	No material changes. The increased fees commensurate with the scope of work.
Basis of recommendation for appointment including the details in relation to and credentials of the Statutory auditor proposed to be appointed	The recommendations made by the Audit Committee, and the Board of Directors of the Company, are in fulfilment of the eligible criteria as prescribed under the Companies Act, 2013 and the applicable rules made thereunder.
Brief Profile of Statutory Auditor	M/s. A S R V & CO. is a Partnership firm of Chartered Accountants established in the year 2012 having (Firm Registration Number: 135182W) registered with institute of Chartered Accountant of India. The firm is engaged in providing consultancy and professional services related to Statutory audit, Internal audit, System & Management Audit, Concurrent and Income & Expenditure audit, Stock Audit, Due Diligence, Direct Taxation related Services, Capital Market, Financial Services, Secretarial Services & Statutory Compliances and Other regulatory compliances and Advisory Services.

Item No. 4

The Board of Directors on the recommendation of Audit Committee at their meeting held on May 16, 2023 have approved re-appointment and remuneration of Cost Auditors to conduct audit of cost records of the Company for financial year ending 31st March, 2024 at a remuneration of Rs. 50,000/- (Rupees Fifty Thousand Only) in accordance with provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to Cost Auditors has to be ratified and approved by shareholders of the Company. Accordingly, consent of members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification and approval of remuneration payable to Cost Auditors for financial year ending 31st March, 2024.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in resolution set out at Item No. 4 of Notice.

The Board recommends Ordinary Resolution set out at Item No. 4 of Notice for your approval.

Item No.5

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, at their meeting held on May 25, 2019 had appointed Mr. Ravindra Bajaj (DIN: 08243855), as Whole time Director of the Company for the period of five (5) years with effect from May 25, 2019 at such remuneration and terms & conditions of appointment as agreed by Board of Directors and subsequently approved by members at Annual General Meeting held on September 30, 2019. His terms of appointment will about to complete on the May 24, 2024. His re-appointments as Whole time Director is permissible in accordance with the provisions of Section 197, 198 and other applicable sections and provisions of Schedule V to the Companies Act, 2013, if his re-appointment is approved by the members.

The Board of Directors, on the recommendation of the Remuneration Committee, at their meeting held on August 1, 2023 has approved re-appointment of Mr. Ravindra Bajaj (DIN: 08243855), as Whole time Director of the Company for further period of 5 years from May 25, 2024.

Mr. Ravindra Bajaj is MBBS. He has expertise in spinning cotton, synthetics, cotton-yarn, manufacturing of cloth, operations of plant, experience in fabric, yarn business and knitted apparels. He is associated with the Company since May 25, 2019. His experience in the area of textiles is an advantage to the Business of the Company. Considering his background, experience and contributions to the Company, the Board has resolved to reappoint him as the Whole-time director of the Company for the further period of five (5) years with effect from May 25, 2024 on such terms and conditions and remuneration as set out in resolution no.05 of the accompanying notice.

Mr. Ravindra Bajaj (DIN: 08243855), is not disqualified from being appointed as a Director in terms of Section 164 of the Act, nor has been debarred from holding the office of a director by virtue of any order from Securities and Exchange Board of India (SEBI) or any such authority and has consented to act as Director of the Company.

Disclosure under regulations 26 & 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

The remuneration payable to Mr. Ravindra Bajaj as a Whole time Director subject to the revision by the Nomination and Remuneration Committee from time to time, are as follows:

Remuneration: Not exceeding to Rs. 40.00 Lacs per annum. (As per the resolution as set out in the AGM notice) and other perquisites and such terms and conditions and remuneration as set out in resolution no. 05 of the accompanying notice.

Your directors recommend the resolution no. 05 to be passed as a Special Resolution. The above proposals are in the interest of the Company and the Board of the Company thus recommends these resolutions for approval of the Members of the Company as a Special Resolutions.

None of the Directors and Key managerial personnel or their relative other than Mr. Ravindra Bajaj, himself and his, relatives are interested in the resolution of Item No.05.

Item No.6

Mr. Parmod Kumar (DIN: 06387498) was appointed as an "Executive Director" of the Company and regularized in Annual General Meeting held on 30th September 2022. Considering his Role and responsibilities, the Board of Directors, on recommendation of the Nomination and Remuneration Committee in their meeting held on August 1, 2023, have approved the proposal to revise the remuneration payable to Mr. Parmod Kumar (DIN: 06387498) as an Executive Director subject to the approval of shareholders.

The remuneration payable to Mr. Parmod Kumar (DIN: 06387498) as an Executive Director of the Company subject to the revision by the Nomination and Remuneration Committee from time to time, are as follows:

Remuneration: Not exceeding to Rs. 15 Lacs per annum. (As per the resolution as set out in the AGM notice) and other perquisites and such terms and conditions and remuneration as set out in resolution no. 06 of the accompanying notice.

Your directors recommend the resolution 06 to be passed as a Special Resolution. The above proposals are in the interest of the Company and the Board of the Company thus recommends these resolutions for approval of the Members of the Company as a Special Resolutions.

None of the Directors and Key managerial personnel or their relative other than Mr. Parmod Kumar himself and his, relatives are interested in the resolution of Item No.6.

By order of the Board of Directors
Vishal Fabrics Limited

Date: August 1, 2023
Place: Ahmedabad

Pooja Dhruve
Company Secretary
& Compliance Officer
(Mem No. A48396)

Annexure

**Details of Directors seeking Appointment / Re-appointment at the Annual General Meeting
[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the
Secretarial Standard - 2 on General Meetings]**

Name of Director	Mr. Ravindra Bajaj
DIN	08243855
Nationality	Indian
Date of Birth	12/09/1962
AGE	61 years
Date of first appointment on Board	25/05/2019
Brief Resume and Nature of Expertise in Functional Area	Mr. Ravindra Bajaj is MBBS. He has expertise in spinning cotton, synthetics, cotton-yarn, manufacturing of cloth, operations of plant, experience in fabric, yarn business and knitted apparels. He is associated with the Company since May 25, 2019. His experience in the area of textiles is an advantage to the Business of the Company.
Qualification	MBBS.
Disclosure of Relationships between Directors inter-se	No Relationship with Director
List of Directorship of other Board	NIL
List of Membership / Chairmanship of Committees of other Board	NIL
Shareholding in Vishal Fabrics Ltd.	NIL
Terms and Conditions of appointment or re-appointment	As per item no. 6 of Notice and Explanatory Statement attached to the Notice of the AGM.
Details of remuneration last drawn in FY 2022-23	Rs. 31.00 Lakhs
Number of Meetings of the Board attended during the F.Y. (2022-23)	4 out of 5 meeting during the tenure of Directorship
Justification for choosing the appointees for appointment as Independent Directors	Not Applicable

For and behalf of Board and Directors

Vishal Fabrics Limited

Pooja Dhruve

Company Secretary & Compliance Officer
(Mem No. A48396)

Date: August 1, 2023

Place: Ahmedabad

Process and manner for attending the Annual General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>

▶ Select the “Company” and ‘Event Date’ and register with your following details: -

A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders/ members holding shares in **physical form shall provide Folio Number** registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

▶ Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the instructions (annexure) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMEET website.

Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the cs.vfl@vishalfabrics.co.in
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.



Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

InstaMeet Support Desk

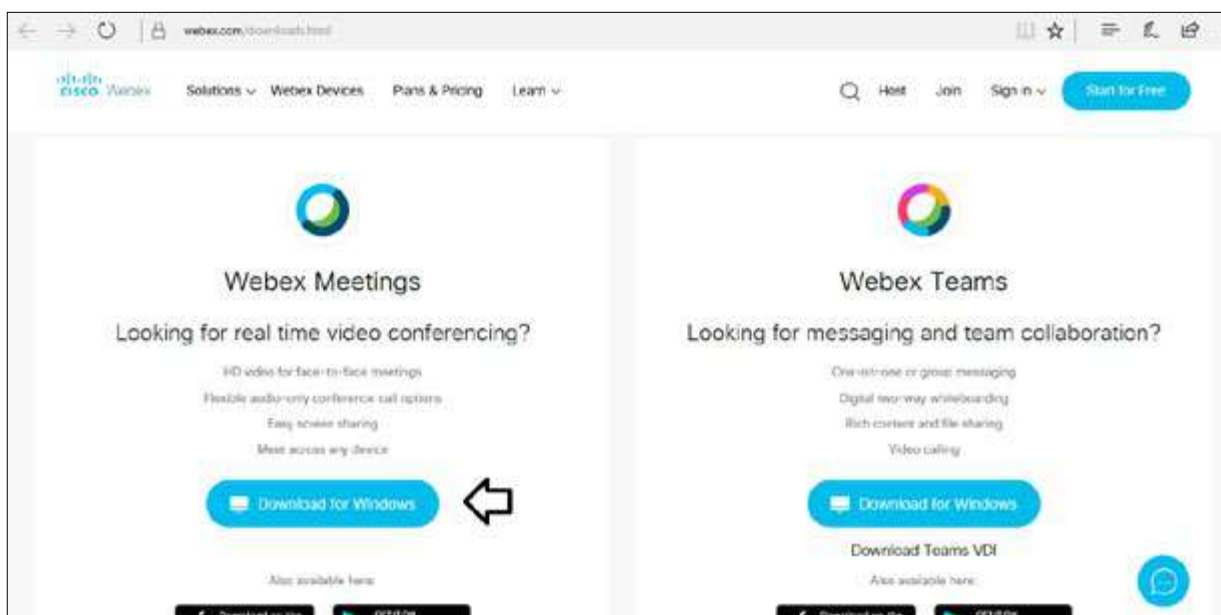
Link Intime India Private Limited

Annexure

Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMEET

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

- a) Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html/>



LINK Intime

InStaMEET

The screenshot shows the Cisco Webex website with a navigation menu (Solutions, Webex Devices, Plans & Pricing, Learn) and a search bar. A 'Start for Free' button is visible in the top right. The main content area features three steps: Step 1 (Download icon) 'Double-click the webexapp.msi file you downloaded', Step 2 (Pencil icon) 'The Webex Meetings setup wizard will launch. Follow the instructions to set up.', and Step 3 (Checkmark icon) 'Once installed the app will launch automatically.' Below the steps, a text box says 'To open the app double-click the Webex Meetings icon on your desktop.' At the bottom, a Windows file explorer window shows 'webexapp.msi (30.1 MB)' with a 'Run' button highlighted.

This screenshot shows the same website as above, but with the 'Cisco Webex Meetings - InstallShield Wizard' dialog box open. The dialog box has a 'Welcome to the InstallShield Wizard for Cisco Webex Meetings' title and a 'Next >' button highlighted. The background steps and text are partially obscured by the dialog box.

This screenshot shows the 'Cisco Webex Meetings - InstallShield Wizard' dialog box at the 'License Agreement' step. The text reads: 'Please read the following license agreement carefully.' and 'I accept the terms in the license agreement' is selected. The 'Next >' button is highlighted. The background steps and text are partially obscured.

This screenshot shows the 'Cisco Webex Meetings - InstallShield Wizard' dialog box at the 'Ready to Install the Program' step. The text reads: 'The wizard is ready to begin installation.' and 'Click Install to begin the installation.' The 'Install' button is highlighted. The background steps and text are partially obscured.



or

- b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

Step 1	Enter your First Name, Last Name and Email ID and click on Join Now.
1 (A)	If you have already installed the Webex application on your device, join the meeting by clicking on Join Now
1 (B)	If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application . Click on Run a temporary application , an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now



Directors' Report

To,
The Members,
Vishal Fabrics Limited

Your Directors are pleased to present the 38th Annual Report along with Audited Financial Statements for the Financial Year ended 31st March, 2023.

1. FINANCIAL RESULTS

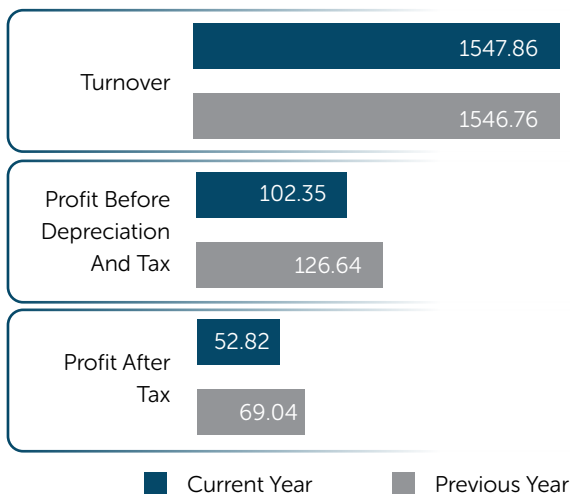
The Audited Financial Statements of your Company as on 31st March, 2023 are prepared in accordance with the relevant applicable Ind AS and Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the provisions of the Companies Act, 2013 ("Act").

The summarized comparison of Audited Financial Results of the Company for the Financial Year 2022-2023 and the Financial Year 2021-2022 is given below:

Particulars	(Rs. in Crore)	
	As at March 31, 2023	As at March 31, 2022
Net Revenue from Operations	1547.86	1546.76
Other Income	4.03	3.08
Total Revenue	1551.89	1549.84
Less: Expenses excluding Depreciation	1449.55	1423.20
Profit before Depreciation & Tax	102.35	126.64
Less: Depreciation	33.41	33.44
Profit Before Tax	68.94	93.20
Less: Provision for Taxation (Including Deferred Tax)	16.12	24.16
Profit After Tax	52.82	69.04
Earnings Per Share (in Rs.)	2.67	3.49

2. STATE OF COMPANY'S AFFAIRS AND PERFORMANCE OF THE COMPANY DURING THE YEAR

During the year under review,



The Performance of the Company has been comprehensively discussed in the Management Discussion and Analysis Report (forming part of the Annual Report) based on the reports of the each of the units of Company.

3. MATERIAL CHANGES OR COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATES AND THE DATE OF THE REPORT

There were no other material changes or commitments which affected the financial position of the Company which have occurred between the end of the financial year and the date of this Report except as mentioned below:

- 1) The Company has recently entered into a Joint Venture operation with M/s. "Texworld Fashions Private Limited" to achieve operational efficiency and to grab a better business opportunity.
- 2) The Income Tax Department conducted the Search Activity under section 132 of the Income Tax Act on the Company in July 2022. The Company had extended full co-operation to the income tax officials during the search and provided all the information sought by them. The Company has not received any further communication or demand from the department. The company does not foresee any material impact on the current or future business operations.

There were no other material changes or commitments which affected the financial position of the Company which have occurred between the end of the Financial Year and the date of this Report.

4. DIVIDEND

The Board of Director has not recommended any dividend during the year.

In pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy which was approved and adopted in the Board Meeting and the same is available on company's web link as: www.vishalfabricsltd.com

5. TRANSFER TO RESERVES

During the financial year under review, the company has transferred the entire amount of Profit to Reserve and surplus account as per detail provided in the note of the financial statement.

6. SHARE CAPITAL

The paid-up equity shares capital of the Company as on 31st March, 2023 was Rs. 988,050,015/- comprising of 197,610,003 Equity Shares of face value of Rs. 5/- each. During the year under review, the Company has not issued shares or convertible securities or shares with differential voting rights nor has granted any stock options or sweat equity or warrants. As on 31st March, 2023, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

7. PERFORMANCE OF SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

The Company has no subsidiaries, joint ventures or associate companies therefore not require to provide detail of performance of subsidiary Company.

8. CHANGE IN NATURE OF BUSINESS, IF ANY

There is no change in the nature of your Company's business during the year under review.

9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF COMPANIES ACT, 2013

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note to the financial statements.

10. EXTRACT OF ANNUAL RETURN

{In pursuance to Section 92 and 134 (3) (a) of the Companies Act, 2013 ("the Act") read with relevant Rules thereunder}

The Annual Return of the Company for the Financial Year 2022-2023 in the prescribed format in Form MGT-7 is available on the website of the Company at: www.vishalfabricsltd.com

11. RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties for the year under review were on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and there are no material related party transactions thus a disclosure in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is not required. The details of the transactions with Related Parties are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are placed before the Audit Committee for approval. Omnibus approval was obtained on a yearly basis for transactions which are of repetitive nature. A statement giving details of all Related Party Transactions are placed before the Audit Committee and the Board for review and approval on a quarterly basis.

None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company except remuneration and sitting fees. The Policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company and can be seen at the link: www.vishalfabricsltd.com

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Composition of the Board is in accordance with the statutory provision. The Board consists of 6 (Six) members, of which 3 (Three) are Independent Directors. The Board also comprises of one women Independent Director.

The Company has received declarations from all the Independent Directors that they meet the criteria of independence as prescribed in the Companies Act, 2013 and SEBI Listing Regulations, 2015.

None of the Directors of the Company is disqualified for being appointed as Director, as specified under section 164(2) of the Companies Act, 2013 and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014. Following changes occurred in the Board of Directors and KMPs:

- Mr. Brijmohan Chiripal (DIN: 00290426) ceased as the Chief Executive Officer of the Company w.e.f. May 19, 2022. Further Mr. Brijmohan D. Chiripal reappointed as Managing Director of the Company for a period of five years w.e.f. June 1, 2022.
- Mr. Vinay Thadani ceased as the Chief Financial Officer of the Company w.e.f. May 19, 2022 and appointed as Chief Executive Officer of the Company w.e.f. May 19, 2022.

- Mr. Dharmesh Dattani appointed as Chief Financial Officer w.e.f August 8, 2022.
- Mr. Parmod Kumar (DIN: 06387498), appointed as an Additional Director of the Company to hold office w.e.f August 08, 2022.
- Mr. Amit Kadmwala (DIN:07016454), has resigned as the Whole Time Director of the Company w.e.f November 07, 2022.
- Mr. Nikhil Vadera resigned from the position of Company Secretary & Compliance Officer of the Company w.e.f. November 11, 2022.
- Ms. Pooja Dhruve appointed as Company Secretary & Compliance Officer of the Company w.e.f. February 10, 2023.

DIRECTORS RETIRING BY ROTATION

Mr. Parmod Kumar (DIN:06387498), Director of the Company, retires by rotation as a Director at the conclusion of this Annual General Meeting pursuant to the provisions of section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible have offered himself for reappointment. Appropriate resolution for his re-appointment is being placed for your approval at the ensuing AGM.

The following are the Key Managerial Personnel of the Company as on 31st March, 2023:

- Mr. Brijmohan Chiripal: Managing Director
- Mr. Ravindra Bajaj: Whole-time Director
- Mr. Vinay Thadani: Chief Executive Officer (Appointed w.e.f May 19, 2022)
- Mr. Dharmesh Dattani : Chief Financial Officer (Appointed w.e.f August 8, 2022)
- Ms. Pooja Dhruve: Company Secretary (Appointed w.e.f February 10, 2023)

The composition of the Board of Directors and its Committees are provided in the Corporate Governance Report, which forms part of the Annual Report. Certificate of Non-Disqualification of Directors has been attached as **Annexure I**.

13. NUMBER OF BOARD AND COMMITTEE MEETINGS

The Board meets once in every quarter to review the quarterly financial results and other items of the agenda and if necessary, additional meetings are held as and when required. The intervening gap between the meetings was within the period prescribed under SEBI (LODR) Regulations, 2015 & Companies Act, 2013. The agenda is circulated well

in advance to the Board members. The items in the agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. The details of the Board and its Committees meetings and attendance of Directors at such meetings are provided in the Corporate Governance Report, which forms part of the Annual Report.

14. MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met on February 10, 2023 inter alia, to discuss:

- Review of the performance of Non-independent Directors and the Board of Directors as a whole.
- Review of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-executive Directors.
- Assess the quality, content and timeliness of flow of information between the management and
- To ensure the Board effectively and reasonably perform its duties.

All Independent Directors were present at the meeting.

15. DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received necessary declarations from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they have complied with the Code for Independent Directors as prescribed in Schedule IV to the Act.

16. CRITERIA FOR APPOINTMENT OF INDEPENDENT DIRECTORS

An Independent Director shall be a person of integrity and possess appropriate balance of skills, experience and knowledge as details provided in the Corporate Governance Report. The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the year ended 31st March, 2023 except for payment of sitting fees.

17. CRITERIA FOR APPOINTMENT OF MANAGING DIRECTORS / WHOLE - TIME DIRECTORS

The appointment is made pursuant an established procedure which includes assessment of managerial skills, professional behavior, technical skills and other requirements as may be required and shall take into consideration recommendation, if any, received from any member of the Board.

In compliance with Section 178(3) of the Companies Act, 2013 and Regulation 19(4) of the SEBI (LODR) Regulation, 2015 the company has formulated Nomination and Remuneration Policy for determining qualifications, positive attributes and independence of directors and other matters related to appointment of Directors.

The Nomination and Remuneration Policy as approved by the Board of Directors has been uploaded on the website of the Company and can be seen at the link: www.vishalfabricsltd.com

18. FAMILIARIZATION PROGRAM FOR THE INDEPENDENT DIRECTORS

In compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The code has been uploaded on the website of the Company and can be seen at the link: www.vishalfabricsltd.com

19. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company has a Policy on Corporate Social Responsibility and the same has been posted on the website of the Company at link: www.vishalfabricsltd.com

The brief outline of the CSR Policy of the Company and the activities undertaken by the Company on CSR during the year under review and relevant details are set out in **Annexure III** which forms part of this Board Report.

Further, the composition, number and date of meetings held, attendance of the members of the CSR Committee meetings are given separately in the Corporate Governance report which forms part of this Annual Report.

20. FORMAL ANNUAL EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Nomination and Remuneration Committee has laid down the criteria for evaluation of the performance of individual directors and the Board as a whole. Based on the criteria the exercise of evaluation was carried out through a structured process covering various aspects of the Board functioning such as composition of the Board and committees, experience & expertise, performance of specific duties & obligations, attendance, contribution at meetings, etc. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Director. The performance evaluation of the Independent

Directors was carried out by the entire Board (excluding the Director being evaluated). The Directors expressed their satisfaction with the evaluation process.

21. AUDITORS AND AUDITORS' REPORT

A. STATUTORY AUDITORS

The Independent Auditor's Report given by the M/s. Nahta Jain & Associates, Statutory Auditors of the Company for the Financial Year 2022-2023 has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

Further, M/s. Nahta Jain & Associates., (FRN.:106801W), Chartered Accountants, the current Statutory Auditors of the Company is about to completed their two terms of five consecutive years as Statutory Auditors of the Company. M/s. Nahta Jain & Associates, Chartered Accountants are not statutorily eligible for re-appointment with effect from the conclusion of ensuing 38th Annual General Meeting to be held for F.Y. 2022-2023.

Accordingly, on completion of term of appointment of Statutory Auditors at the conclusion of the 38th AGM and pursuant to provisions of Sections 139, 141 & 142 of the Act and applicable Rules and other applicable provisions of the Act, the Board of Directors at its meeting held on August 1, 2023 has approved the appointment of M/s. A S R V & CO, (FRN.: 135182W), Chartered Accountants as Statutory Auditors for five consecutive years from conclusion of the 38th Annual General Meeting to be held for F.Y. 2022-2023 till the conclusion of the 43rd Annual General Meeting of the Company, subject to the approval of shareholders of the Company at this ensuing AGM.

Further the Company has received written consent(s) and certificate(s) of eligibility from the proposed Statutory Auditors - A S R V & CO, (FRN.: 135182W), Chartered Accountant in accordance with Sections 139 and 141 of the Act and applicable Rules and other provisions of the Act and holds a valid certificate issued by the Peer Review Board of the ICAI. They have further confirmed that they are not disqualified to be appointed as the Statutory Auditors in terms of the Act and Rules made thereunder.

B. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Jatin Kapadia, Practicing Company Secretary (Membership No. 26725) to conduct the Secretarial Audit of the Company for the financial year 2022-23.

The Secretarial Audit Report for the financial year ended 31st March 2023, pursuant to Section 204 of the Companies Act, 2013 and rules made thereunder is annexed herewith as **Annexure - II**. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

The Annual Secretarial Compliance Report of the Company pursuant to Regulation 24A of Listing Regulations read with SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019, is uploaded on the website of the Company i.e. www.vishalfabricsltd.com.

Further, considering the scope of work of the Company the Board of Directors of the Company have appointed M/s. Chirag Shah & Associates Practicing Company Secretary, Ahmedabad for conducting audit of the secretarial records for the Financial Year 2023-2024. The required consent to act as the Secretarial Auditors of the Company has been received by the Company from M/s. Chirag Shah & Associates, Practicing Company Secretary, Ahmedabad on terms & conditions as mutually agreed upon between the Secretarial Auditors and the Board / management of the Company.

C. COST AUDITORS

In accordance with the provisions of Section 148 of the Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company has appointed M/s. A.G. Tulsian and Co., Cost Accountants (FRN: 100629) as the Cost Auditor of the Company for the Financial Year 2022-23.

The Board has re-appointed M/s. A.G. Tulsian and Co., Cost Accountants (FRN: 100629) as Cost Auditor to conduct the audit of cost records of your Company for the Financial Year 2023-24. The payment of remuneration to Cost Auditor requires the approval/ratification of the members of the Company and necessary resolution in this regard, has been included in the notice convening 38th AGM of the Company.

The Company maintains necessary cost records as specified by Central Government under sub-section 1 of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014.

The Cost Audit Report, in Form No. CRA-4 (XBRL mode), for the year ended March 31, 2022 was filed with the Central Government within the prescribed time.

D. INTERNAL AUDITORS

In accordance with the provisions of Section 138 of the Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company has appointed two Internal Auditors for the Financial Year 2022-23:

1. M/s. Haribhakti & Co. LLP, Chartered Accountants.
2. M/s. Jhaveri Shah & Co., Chartered Accountants.

Further the Internal Auditors, M/s. Jhaveri Shah & Co., Chartered Accountants has resigned with effect from May 8, 2023. In view of the above, the board has appointed M/s. Ronak Shah & Associates., Chartered Accountants as Internal Auditor for the Financial Year 2023-2024 w.e.f May 16, 2023, on such terms & conditions as may be mutually agreed upon by the Auditors and by the Board from time to time.

22. CODE OF CONDUCT

The Board of Directors of the Company has laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company. The Board Members and the Senior Management personnel have affirmed compliance with the code for the year 2022-23. The said Code of Conduct has been posted on the website of the Company at link: www.vishalfabricsltd.com

A declaration to this effect is annexed and forms part of this report.

23. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report on the operations of the Company, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in a separate section and forms an integral part of this Report.

24. CORPORATE GOVERNANCE

As per Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

25. PREVENTION OF INSIDER TRADING

Pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulation, 2015 the Board has formulated and implemented a Code of Conduct to regulate, monitor and report trading by its employees and other connected persons and Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information.

The updated "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" ("Code of Fair Disclosure") uploaded on the Company's website at link: www.vishalfabricsltd.com

26. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has framed a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The said policy has been disseminated within the organization and has also been uploaded on the Company's website at link: www.vishalfabricsltd.com

27. NOMINATION, REMUNERATION AND BOARD DIVERSITY POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to Executive and Non-executive Directors (by way of sitting fees and commission), Key Managerial Personnel and Senior Management.

The policy also provides the criteria for determining qualifications, positive attributes and Independence of Director and criteria for appointment and removal of Directors Key Managerial Personnel / Senior Management and performance evaluation which are considered by the Nomination and Remuneration Committee and the Board of Directors.

The Nomination and Remuneration Policy as approved by the Board of Directors has been uploaded on the website of the Company and can be seen at the link: www.vishalfabricsltd.com

28. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT 2013

The Company has always believed in providing a safe and harassment free workplace for every individual working in its premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has adopted a policy against Sexual Harassment in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The policy has also been uploaded on the Company's website at link: www.vishalfabricsltd.com

An appropriate complaint mechanism in the form of "Internal Complaints Committee" has been created in the Company for time-bound redressal of the complaint made by the victim. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received any complaints of sexual harassment in the Financial Year 2022-23.

29. PUBLIC DEPOSITS

The Company has not accepted any Deposits from the public during the Financial Year 2022-23.

30. RISK MANAGEMENT

The Board of Directors of the Company has designed Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews.

The Company has laid down a Risk Management Policy which defines the process for identification of risks, its assessment, mitigation measures, monitoring and reporting. The policy has also been uploaded on the Company's website at link: www.vishalfabricsltd.com

31. INTERNAL CONTROL SYSTEM

The Company has adequate internal control systems for business processes, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations etc. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The system is improved and modified continuously to meet with changes in business conditions, statutory and accounting requirements.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

32. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (i) that in the preparation of the accounts for the Financial Year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2023 and of the profit of the company for the year under review;

- (iii) that the Directors have taken proper and sufficient care 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;
- (iv) that the Directors have prepared the accounts for the financial year on going concern basis;
- (v) the Directors have laid down internal financial controls, which are adequate and were operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

33. PROCEEDINGS PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

The Company has not made any application nor any proceeding are pending under the Insolvency and Bankruptcy Code, 2016 during the Financial Year 2022-23. The requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable.

34. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, required to be disclosed by Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed as "Annexure- IV" and forms part of this report.

35. TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to 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), as amended from time to time, the amount of dividend remaining unpaid or unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund (IEPF).

During the year under review, no amount was due for transfer to IEPF in accordance with Section 125 of the Companies Act, 2013.

36. PARTICULARS OF EMPLOYEES

The percentage increase in remuneration, ratio of remuneration of each Director and key managerial

personnel (KMP) (as required under the Act) to the median of employees' remuneration, as required under Section 197 of the Act, read with rule 5(1) of the Companies (Appointment and Remuneration Managerial Personnel) Rules, 2014, are set out in "Annexure V" of this report.

The information required under provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Annual Report. In terms of Section 134 and Section 136 of the Act, the Annual Report is being sent to the shareholders and others entitled thereto, excluding the said annexure, which is available for inspection by the shareholders at the Registered Office of your Company during business hours on working days of your Company. If any shareholder is interested in obtaining a copy thereof, such shareholder may write to the Company Secretary in this regard.

37. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report for the year ended March 31, 2023 as stipulated under Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable for Financial Year 2022-23 as your Company is not falling in the list of top 1000 Companies as per the Market Capitalization as on March 31, 2023.

38. ENVIRONMENT, HEALTH AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

39. COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

40. REPORTING OF FRAUDS

There was no instance of fraud during the Financial Year 2022-23, which were required by the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

41. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

42. INSURANCE

All assets of the company including inventories, building, plant and machineries are adequately insured.

43. LISTING OF SHARES

The Company's shares are listed at BSE Limited and the listing fee for the year 2023-2024 has been duly paid.

44. CAUTIONARY STATEMENT

Statements in this Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's

principal markets, changes in Government regulations, Tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

45. APPRECIATION AND ACKNOWLEDGEMENT

Your Directors wish to place on record sincere gratitude and appreciation, for the contribution made by the employees at all levels for their hard work, support, dedication towards the Company.

Your Directors thank the Government of India and the State Governments for their co-operation and appreciate the relaxations provided by various Regulatory bodies to facilitate ease in compliance with provisions of law.

Your Directors also wish to thank its customers, business associates, suppliers, investors and bankers for their continued support and faith reposed in the Company.

Date: August 1, 2023
Place: Ahmedabad

Brijmohan D. Chiripal
Managing Director
DIN: 00290426

Ravindra Bajaj
Whole-time Director
DIN: 08243855

Annexure-I

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Vishal Fabrics Limited
Shanti Corporate House,
Nr. Hira Rupa Hall, Bopal-Ambli Road,
Bopal, Ahmedabad - 380 058

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Vishal Fabrics Limited** having CIN L17110GJ1985PLC008206 and having registered office at Shanti Corporate House, Nr. Hira Rupa Hall, Bopal-Ambli Road, Bopal, Ahmedabad - 380 058 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
01	Brijmohan Chiripal Devkinandan	00290426	01/06/2017
02	Parmod Kumar	06387498	08/08/2022
03	Dhara Rupeshkumar Shah	06983857	05/03/2015
04	Shubhankar Jha	07208823	28/05/2015
05	Susanta Kumar Panda	07917003	01/06/2021
06	Ravindrakumar Bajranglal Bajaj	08243855	25/05/2019

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, **K Jatin & Co.**
Company Secretaries
(UCN: S2017GJ508600)

.....
Jatin H. Kapadia
Proprietor

Date: 15 Jun 2023
Place: Ahmedabad
UDIN: F011418E000490358

Certificate of Practice No.: 12043
Membership No: F11418
Peer Review Cert. No: 1753/2022

Annexure-II

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st March 2023

[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,
Vishal Fabrics Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Vishal Fabrics Limited** having CIN L17110GJ1985PLC008206 (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023:

- complied with the statutory provisions listed hereunder and
- 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 Vishal Fabrics Limited for the financial year ended on 31st March, 2023 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.,

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **Not applicable as there was no reportable event during the financial year under review;**
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - **Not applicable as there was no reportable event during the financial year under review;**
 - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - **Not applicable as there was no reportable event during the financial year under review;**
 - f. 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;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not applicable as there was no reportable event during the financial year under review;**
 - h. The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 - **Not applicable as there was no reportable event during the financial year under review; and**
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. Compliances/processes/systems under other specific applicable Laws (as applicable to the industry) to the Company are being verified on the basis of periodic certificate under internal Compliance system submitted to the Board of Directors of the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement(s) entered into by the Company with Stock Exchange(s), if any.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. 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.

We further report that based on the review of the compliance mechanism established by the company and on the basis of Compliance certificate(s) issued by various departments and taken on record by the Board of Directors at their meetings, we are of the opinion that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above has occurred in the Company.

For, **K Jatin & Co.**
Company Secretaries
(UCN: S2017GJ508600)

.....
Jatin H. Kapadia
Proprietor

Date: 25 May 2023 Certificate of Practice No.: 12043
Place: Ahmedabad Membership No: F11418
UDIN: F011418E000376970 Peer Review Cert. No: 1753/2022

This report is to be read with our letter of even date which is annexed as **Annexure-1** and forms an integral part of this report.

Annexure - 1

To
The Members
Vishal Fabrics Limited

Auditor's responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be read along with this letter.

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 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 and for which we relied on the report of statutory auditor.
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 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, **K Jatin & Co.**
Company Secretaries
(UCN: S2017GJ508600)

.....
Jatin H. Kapadia

Proprietor

Certificate of Practice No.: 12043

Membership No: F11418

Peer Review Cert. No: 1753/2022

Date: 25 May 2023
Place: Ahmedabad
UDIN: F011418E000376970

Annexure-III

Corporate Social Responsibility (CSR)

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES FOR THE FINANCIAL YEAR 2022-23.

1. Brief outline on CSR Policy of the Company:

The Company's CSR Policy has been prepared in accordance with Section 135 of the Companies Act, 2013 (referred to as the Act in this policy) on CSR and in accordance with the CSR Rules (hereby referred to as the Rules) notified by the Ministry of Corporate Affairs, Government of India, in 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) as amended from time to time. Our CSR initiatives focus on promoting education, healthcare activities, eradicating hunger, conducting research activities. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy.

2. Vishal Fabrics Limited aims to achieve its CSR objectives through:

The Company aims at making a positive impact on society through educational development directly through its registered trust namely, Happiness Reserves Foundation, Chiripal Charitable Trust and Milestone Educom Trust for the below mentioned objectives:

- To Train and promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
- To undertake, conduct, organize, support, provide and work towards educational, cultural, environment, research and development activities and to act as a forum for exchange of information, ideas and experience for related issues through various mediums for this task of social, economic and educational up liftment of the poor and backward classes, Child education, direction/counseling to youth for right career, women and youth empowerment, health campaigns and awareness, clean & green India projects through awareness, projects for orphans , projects for addiction free youth through awareness.
- Developing infrastructure of schools by upgrading school buildings, providing classroom setup like benches, desks and boards, among others and helping in setting up of libraries and science laboratories and other related activities;
- Promoting education by providing educational resources for students as computer & study material, student books & periodicals, teaching aids, computer hardware & software for smart classes, workshops on self-defense and enhancing soft skills;
- Socializing the importance of education for children and community leaders;
- Granting scholarship for higher education, etc.

3. The Composition of the CSR Committee:

The CSR committee of the Board is responsible for overseeing the execution of the Company's CSR policy. The composition of CSR Committee as on the date of Directors' Report is as follows:

Sr. No.	Name of Members	Designation	Number of meeting of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1.	Mr. Brijmohan D. Chiripal	Chairperson	1	1
2.	Mr. Susanta Kumar Panda	Member	1	1
3.	Mr. Shubhankar Jha	Member	1	1
4.	Mrs. Dhara Shah	Member	1	1

4. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: www.vishalfabricsltd.com

5. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

6. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

(Rs. in Lakhs)

Sr. No.	Financial Year	Amount Available for set-off for the financial year, if any	Amount required to be set-off for the financial year, if any
1	2020-21	38.00	30.00
	TOTAL	38.00	30.00

7. Average net profit of the company as per section 135(5):

(Rs. in Crores)

Particulars	2019-20	2020-21	2021-22
Net Profit	45.56	32.30	96.45

Average net profit of the Company for last three financial year is at Rs. 58.10 Crore

- 8. (a) Two percent of average net profit of the company as per section 135(5):** Rs. 1.162 Crores
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** NIL
- (c) Amount required to be set off for the financial year, if any:** 0.30 Crores
- (d) Total CSR obligation for the financial year (8a+8b-8c):** Rs. 0.862 Crores
- 9. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (In Rs.)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of transfer
0.87 Crores	N.A.	N.A.	N.A.	N.A.	N.A.

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No	Name of the Project/	Item from the list of activities in Schedule VII to the Companies Act, 2013	Local Area (Yes/No)	Location of the project		Amount Spent for the Project (In Rs.)	Mode of implementation – Direct (yes/no)	Mode of Implementation - Through implementing agency	
				State	District			Name	CSR Registration No.
1.	School Upgradation, Digital Educations and promoting various educational initiatives & awareness programmes (more specifically described in point no. 2 of this annexure)	Item No. (ii) Promoting Education, employment enhancing vocation skills especially among children and women	Yes	Gujarat	Ahmedabad	0.46 Crore	No	Milestone Educom Trust	CSR00016150
						0.41 Crore	No	Happiness Reserve Foundation	CSR00015212
					TOTAL	0.87 Crore			

- (d) Amount spent in Administrative Overheads: NIL
- (e) Amount spent on Impact Assessment, if applicable: Not Applicable
- (f) Total amount spent for the Financial Year (9b+9c+9d+9e): Rs. 0.87 Crores
- (g) Excess amount for set off, if any:

Sr. No.	Particulars	Amount (In Rs.)
i	Two percent of average net profit of the company as per section 135(5) after deduction of Rs. 0.30 Crores can be set off from excess CSR expenditure incurred in the F.Y. 2020-21.	0.862 Crore
ii	Total amount spent for the Financial Year	0.87 Crore
iii	Excess amount spent for the financial year [(ii)-(i)]	0.008 Crores
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.008 Crores

10. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable
- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): None
11. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable
12. Specify the reason(s), if the company has failed to spend 2% of the average net profit as per Section 135(5): Not Applicable

Date: August 1, 2023
Place : Ahmedabad

Brijmohan D. Chiripal
Managing Director and Chairman of CSR Committee
DIN: 00290426

Annexure-IV

Details of Conservation of energy, technology absorption, foreign exchange earnings and outgo

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 and rule 8(3) of the Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY:

i. the steps taken or impact on conservation of energy

- The company has installed invertors / AC drives to save the power.
- Other necessary energy conservation measures are taken on day to day basis.
- The Company has installed Rainwater Harvesting Technology to improve the water circulation, great expectations as an important technology that gives the "moisture" to the soil and required for environment urban resilience.

ii. the steps taken by the unit for utilizing alternate sources of energy

- The company has installed hot water collector which enables the reuse of hot water.
- Solar Plants installed at Corporate Office to utilize natural resources of energy as an alternate source.

iii. the capital investment on energy conservation equipment: Nil

B. TECHNOLOGY ABSORPTION:

i. the efforts made towards technology absorption

- Efforts were made to adopt new technology by installing new improved/developed machines
- Implemented and successfully executed SAP

ii. the benefits derived as a result of above efforts

- Quality of fabric processed improved by adoption of new technology.
- Cost Efficient Use
- Increased Productivity and Efficiency
- Data Analysis and Reporting
- Risk analysis and prepare performance reports

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable

iv. the expenditure incurred on Research and Development:

The Company has not incurred any specific expenditures on Research & Development during the Financial Year 2022-2023.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO DURING THE FINANCIAL YEAR 01/04/2022 TO 31/03/2023:

EXPORT DETAILS

PARTICULARS	AMOUNT	CURRENCY
TOTAL EXPORT MADE	102252.8	USD
RECEIVABLE AGAINST EXPORT INVOICE	61227.25	USD

IMPORT DETAILS

PARTICULARS	AMOUNT	CURRENCY
TOTAL IMPORT MADE	58984	EURO
TOTAL IMPORT MADE	1187329	USD

Annexure-V

[Statement of Disclosure of Remuneration under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- i. Ratio of the remuneration of each director to the median remuneration of the Employees of the Company for the financial year 2022-23:

Sr. No.	Name	Category	Ratio
1.	Mr. Brijmohan Chiripal	Managing Director	55.15: 1
2.	Mr. Amit Kadmawala (Till November 07, 2022)	Whole time Director	2.25: 1
3.	Mr. Ravindra Bajaj	Whole time Director	10.96: 1
4.	Mr. Parmod Kumar (From August 08, 2022)	Director	1.80: 1

Note: For this purpose, sitting fees paid to the Directors have not been considered as remuneration.

- ii. The percentage of increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the F.Y 2022-23:

Sr. No.	Name	Category	%
1	Mr. Brijmohan Chiripal	Managing Director & CEO (CEO till May 19, 2022)	Nil
2	Mr. Amit Kadmawala (Till November 07, 2022)	Whole time Director	Nil
3.	Mr. Parmod Kumar (From August 08, 2022)	Director	NA
3	Mr. Ravindra Bajaj	Whole time Director	Nil
6	Mr. Vinay Thadani	Chief Financial Officer /Chief Executive Officer (CFO till May 19, 2022 and then appointed as CEO from May 19, 2022)	43%
7	Ms. Pooja Dhruve (From February 10,2023)	Company Secretary	NA
8	Mr. Nikhil Vadera (Till November 11, 2022)	Company Secretary	NA

The median remuneration of the employees of the Company as on 31st March, 2023 was Rs. 2,82,170 per year.

- iii. During FY 2023, the percentage increased in the median remuneration of employees of the Company as compared to previous year was -0.2%.
- iv. No. of permanent employees on the rolls of the Company: - 375
- v. Average percentage increase already made in the salaries of employees other than the managerial remuneration in comparison with the last financial year: 7%
- vi. Affirmation that the remuneration is as per the remuneration policy of the company: Yes

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2023, in terms of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Vishal Fabrics Limited ("the Company") believe to follow the best corporate governance practices to develop best policies, integrity, transparency, fairness, accountability, compliance with all applicable law and train all its employees in order to foster a culture of compliance and obligation at every level of the organization.

A Report of Corporate Governance is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the report contains the details of Corporate Governance systems and processes at Vishal Fabrics Limited.

2. BOARD OF DIRECTORS:

a. Composition of Board:

The Company has an active and a balanced Board, with an optimum combination of Executive and Non-Executive Directors with atleast half of the Board of the Company comprising Non – Executive Directors. As on March 31, 2023, the Board consists of 6 (Six) Directors out of which 1 (One) is Managing Director, 1(One) Whole time Director and 1(One) Executive Director. Further, 3 (Three) are Non-Executive Directors and Independent Directors, including 1 (One) Woman Independent Director. The Composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013.

The Board of Company comprised of Six (6) Directors including One (1) Woman Director with atleast 50% (Fifty percent) of it as Non – Executive Directors as on March 31, 2023, details of which are as follows: -

Sr. No.	Name of Director & DIN	Category of Directors
1.	Mr. Brijmohan D. Chiripal DIN: 00290426	Managing Director, Executive; Non-Independent
2.	Mr. Parmod Kumar* DIN: 06387498	Executive Director; Non - Independent Director
3.	Mr. Ravindra Bajaj DIN:08243855	Whole Time Director, Executive; Non- Independent
4.	Mr. Shubhankar Jha DIN: 07208823	Non-Executive Independent Director
5.	Mrs. Dhara Shah DIN: 06983857	Non-Executive Independent Director,
6.	Mr. Susanta Kumar Panda DIN:07917003	Non-Executive Independent Director
7.	Mr. Amit Kadmawala# DIN: 7016454	Whole Time Director, Executive; Non- Independent

*Appointed as Executive Director w.e.f. 8th August, 2022.

Resigned as Whole-Time Director w.e.f 7th November 2022.

In terms of Regulation 17(A) of the Listing Regulations, none of the Directors of the Company serves as an Independent Director in more than 7 (Seven) listed entities. Moreover, none of the Directors on the Company's Board is a member of more than 10 (Ten) Committees or act as Chairman of more than 5 (Five) Committees (Committees being Audit Committee and Stakeholders Relationship Committee) across all the Companies in which he or she is a director pursuant to the Regulation 26 of Listing Regulations. Necessary disclosures have been made by each Director.

b. Meeting and Attendance:

During the year, the Board of Directors met 5 times on 19th May 2022, 8th August 2022, 11th November 2022, 10th February 2023 and 16th March, 2023. The gap between two Board Meetings was within the maximum time gap prescribed under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. The Attendance of Directors at these Board Meetings and at the last Annual General Meeting was as under:

Sr. No.	Name of Directors	Number of Board Meetings held during the tenure of Directorship	Number of Board Meetings attended	Whether present at the previous AGM (Yes / No)
1.	Mr. Brijmohan D. Chiripal	5	5	Yes
2.	Mr. Parmod Kumar*	3	3	Yes
3.	Mr. Ravindra Bajaj	5	4	Yes
4.	Mr. Shubhankar Jha	5	3	No
5.	Mrs. Dhara Shah	5	5	Yes
6.	Mr. Susanta Kumar Panda	5	5	Yes
7.	Mr. Amit Kadmawala#	2	2	Yes

*Appointed as Executive Director w.e.f. 8th August, 2022.

Resigned as Whole-Time Director w.e.f. 7th November 2022.

c. The details of each member of the Board along with the number of Directorship(s)/Committee Membership(s)/ Chairmanship(s) as at 31st March, 2023 are as given below:

Name of the Directors and DIN	Category	Number of Directorships in listed entities including this listed entity **	Number of Independent Directorships in listed entities including this listed entity**	Number of membership in Audit/ Stakeholder Committee including this listed entity***	Number of post of Chairperson in Audit/ Stakeholder Committee including this listed entity ***
Mr. Brijmohan D. Chiripal DIN: 00290426	Managing Director, Executive; Non-Independent	1	0	2	0
Mr. Parmod Kumar* DIN: 06387498	Executive Director; Non - Independent Director	1	0	0	0
Mr. Ravindra Bajaj DIN:08243855	Whole Time Director, Executive; Non- Independent	1	0	0	0
Mr. Shubhankar Jha DIN: 07208823	Non-Executive Independent Director	1	1	2	0
Mrs. Dhara Shah DIN: 06983857	Non-Executive Independent Director,	3	3	6	1
Mr. Susanta Kumar Panda DIN:07917003	Non-Executive Independent Director	3	3	7	5

**In compliance with Regulation 17A of SEBI (LODR) Regulations, 2015

*** In compliance with Regulation 26(1) of SEBI (LODR) Regulations, 2015 & the membership is inclusive of number of post of chairperson and Excludes Private Limited Companies, Foreign Companies, Section 8 Companies.

Pursuant to the amendments through SEBI (LODR) (Amendment) (Regulations), 2018 in Schedule V; the names of other listed entities where Directors of the Company are Directors along with the category of Directorship as at 31st March, 2023 are appended separately below:

Sr. No.	Name of Director	Name of listed entities in which the concerned Director is a Director	Category of Directorship in the listed companies
1	Mrs. Dhara Shah DIN: 06983857	Ace Software Exports Limited Mayur Floorings Limited	Non-Executive Independent Director
2	Mr. Susanta Kumar Panda DIN:07917003	Shanti Educational Initiatives Limited Zee Media Corporation Limited	

d. Disclosure of relationships between the Directors inter-se:

There is no relationship between the Directors inter-se.

e. Details pertaining to the Non-Executive Directors’ Shareholding, Convertible Instruments and Compensation and disclosures:

Apart from sitting fees for attending Board & Committee meetings, no other fees or commission is paid to the Non-Executive Independent Directors during the financial year. As on March 31, 2023 holding of Non-Executive Directors in Equity Shares and convertible instruments are Nil in the Company.

f. Familiarization Program for Directors:

On appointment of an individual as Director the company explained the role, function, duties and responsibilities and in addition the above the company also conducts Familiarization Program at least once in the year. The details of the familiarization program for Independent Directors are available on the Company’s website at <https://vishalfabricsltd.com/>

g. Key Board Qualifications, Expertise and Attributes:

While all the Board members possess the skills identified, their area of core expertise is given below as on March 31, 2023:

Skills and its description	Mr. Brijmohan Chiripal	Mr. Parmod Kumar	Mr. Ravindra Bajaj	Mrs. Dhara Shah	Mr. Susanta Kumar Panda	Mr. Shubhankar Jha
Leadership/Operational Experience Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth	✓	✓	✓	✓	✓	✓
Accounting and Financial Skills Leadership experience in handling financial management of a large organization along with an understanding of accounting and financial statements.	✓			✓	✓	✓
Strategic Planning Expertise in developing and implementing strategies for sustainable and profitable in the changing business environment. Ability to assess the strength and weaknesses of the Company and devise strategies to gain competitive advantage.	✓	✓	✓	✓	✓	✓
Legal and Risk Management Knowledge and experience in regulatory and governance requirements and ability to identify key risks affecting the governance of the Company			✓	✓	✓	✓
Corporate Governance Service on a public company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices	✓	✓	✓	✓	✓	✓
Marketing Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation	✓	✓	✓			
Sustainability and Environment Experience in leading the sustainability visions of organizations, to be able to integrate these into the strategy of the Company	✓	✓	✓	✓	✓	✓

- h. The Board of Directors has confirmed that in the opinion of the board, the independent directors fulfil the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.
- i. No Independent director resigned during the year ended March 31, 2023.

3. AUDIT COMMITTEE:

The Board has constituted a qualified and independent audit committee in accordance with the provision as prescribed in the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. The Committee members are professionals having requisite experience in the fields of Finance and Accounts, Banking and Management.

a. Brief Description of terms of reference:

The role of the Audit Committee includes the following:

- I. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- II. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- III. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- IV. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Modified opinion(s) in the draft audit report;
- V. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- VI. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- VII. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- VIII. Approval or any subsequent modification of transactions of the listed entity with related parties;
- IX. Scrutiny of inter-corporate loans and investments;
- X. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- XI. Evaluation of internal financial controls and risk management systems;
- XII. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- XIII. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- XIV. Discussion with internal auditors of any significant findings and follow up there on;
- XV. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- XVI. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- XVII. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- XVIII. To review the functioning of the whistle blower mechanism;
- XIX. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- XX. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- XXI. Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

The Audit Committee shall mandatorily review the following information:

- i. Management discussion and analysis of financial condition and results of operations;
- ii. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- iv. Internal audit reports relating to internal control weaknesses; and
- v. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- vi. Statement of deviations:
 - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI (LODR) Regulations, 2015.
 - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI (LODR) Regulations, 2015.

- b. As on 31st March 2023, the Audit Committee of the Company comprised of three Independent Directors viz. Mrs. Dhara Shah, Mr. Shubhankar Jha, Mr. Susanta Kumar Panda and one Executive Director – Mr. Brijmohan Chiripal.** During the Financial Year 2022-23, 5 Audit Committee Meetings were held on 19th May 2022, 8th August 2022, 11th November 2022, 10th February 2023 and 16th March, 2023. The attendance of Members at meetings was as under:

Sr. No.	Name of members	Position	No. of meeting held during the year	No. of meetings attended
1.	Mr. Susanta Kumar Panda	Chairman	5	5
2.	Mr. Shubhankar Jha	Member	5	3
3.	Mrs. Dhara Shah	Member	5	5
4.	Mr. Brijmohan D. Chiripal	Member	5	5

The Audit Committee invites Senior Executives, Representatives of the Statutory Auditors of the Company & Head of the Internal Audit Department, whenever it considers appropriate, in the meetings. The Company Secretary of the Company acted as the Secretary of the Committee for the financial year 2022-23.

In addition to the above role, Committee also perform the following other roles;

4. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee of the Company has been constituted in accordance with the provisions of Regulation 19 of the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013.

a. Brief description of Terms of reference:

The Committee has the mandate to review and recommend compensation/ remuneration payable to the Managing Director, Whole-time Directors and Senior Management of the Company. Its function also includes administering of the Company's Stock Option Plans, if any, including the review and grant of the Stock Options to eligible employees under plans, as and when necessary. The Committee reviews the performance of the Managing Director, Whole-time Directors, committees of the Board and Senior Management of the Company for the above-mentioned purpose and may have requisite parameters as it may deem fit.

- i. To formulate criteria for determining qualifications, positive attributes and independence of a director and oversee the succession management process for the Board and senior management employees;
- ii. To recommend the Board a policy relating to the remuneration of the Directors, KMPs and other employees of the Company;
- iii. To formulate criteria for evaluation of Independent Directors and the Board;
- iv. To devise a policy on Board Diversity;
- v. To carry out evaluation of every Director's performance;
- vi. To identify persons who are qualified to become Director and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- vii. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

viii. To recommend to the board, all remuneration, in whatever form, payable to senior management.

b. As on 31st March 2023, the Nomination and Remuneration Committee of the Company comprised of three Independent Directors viz. Mrs. Dhara Shah, Mr. Susanta Kumar Panda and Mr. Shubhankar Jha.

During the Financial Year 2022-23, 3 (Three) Nomination and Remuneration Committee Meeting were held on 19th May 2022, 8th August 2022 and 10th February 2023. The Attendance of Members at meeting was as under:

Sr. No.	Name of members	Position	No. of meeting held during the year	No. of meetings attended
1.	Mrs. Dhara Shah	Chairperson	3	3
2.	Mr. Shubhankar Jha	Member	3	3
3.	Mr. Susanta Kumar Panda	Member	3	3

c. Performance Evaluation Criteria for Independent Directors:

The Board of Directors has formulated performance evaluation criteria of Independent Directors of the Company. The Performance Evaluation of Independent Directors is carried out on the basis of their role, expertise, skills, leadership qualities, strategic direction to align company's value and standards, effective decision-making ability, Initiative on knowledge updates, internal controls etc.

As required under Section 149 of the Companies Act, 2013 read with Schedule IV to the Act and Regulation 25 of the SEBI (LODR) Regulations, 2015., the performance of non-independent Directors, the Chairperson of the Company and Board as a whole and to assess the quality, quantity and flow of information between the management and the Board was carried out.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

d. Remuneration of Directors:

i. Remuneration to Non-Executive Directors:

There are no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company, except otherwise stated in the Report. All the Non-executive Directors receive sitting fees for attending Board Meetings, Audit Committee Meetings and Nomination and Remuneration Committee Meetings. The sitting fees paid to Non-Executive Directors are within the limits prescribed under the Companies Act, 2013 read with the relevant Rules.

Details of the sitting fees paid during the financial year 2022-23 are as under:

Sr. No.	Name of the Directors	Sitting Fees paid (Amount in Rs.)
		Board/Committee Meeting
1.	Mrs. Dhara Shah	92,000
2.	Mr. Shubhankar Jha	67,500
3.	Mr. Susanta Kumar Panda	1,12,500

ii. Remuneration to Executive Directors:

Details of remuneration paid to the Executive Directors of the Company during the year ended March 31, 2023 are as under:

Sr. No.	Name of the Directors	Designation	Salary & Allowances (Amt. in Rs.)	Contribution to PF (Amt. in Rs.)	Total (Amt. in Rs.)
1.	Mr. Brijmohan D. Chiripal	Managing Director	15,600,000	2,400,000	18,000,000
2.	Mr. Ravindra Bajaj	Whole Time Director	31,00,000	NIL	31,00,000
3.	Mr. Amit Kadmawala [#]	Whole Time Director	6,37,852	NIL	6,37,852
4.	Mr. Parmod Kumar [*]	Director	12,14,116	NIL	12,14,116

[#]Resigned as Whole-Time Director w.e.f 7th November 2022.

^{*}Appointed as Executive Director w.e.f. 8th August, 2022.

None of the above-mentioned Directors of the Company is receiving any fixed components and performance linked incentives on the basis of the performance criteria or by way of services contract. Further to that, Stock option was also not provided to any of the Directors during the period.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Committee is responsible for matters related to stakeholders' grievances and roles and responsibilities provided in the Company act, 2013 and the SEBI (LODR) Regulations, 2015.

- a. **As on 31st March 2023, the Stakeholders Relationship Committee of the Company comprised of three Independent Directors viz. Mrs. Dhara Shah, Mr. Shubhankar Jha and Mr. Susanta Kumar Panda.**

During the Financial Year 2022-23, 4 Stakeholders Relationship Committee were held on 19th May 2022, 8th August 2022, 11th November 2022 and 10th February 2023. The attendance of Members at meetings was as under:

Sr. No.	Name of members	Position	No. of meeting held during the year	No. of meetings attended
1.	Mr. Susanta Kumar Panda	Chairperson	4	4
2.	Mr. Shubhankar Jha	Member	4	3
3.	Mrs. Dhara Shah	Member	4	4
4.	Mr. Amit Kadmawala [#]	Member	2	2

[#] Resigned as member of Stakeholders Relationship Committee w.e.f 7th November 2022.

- b. **Name and Designation of Compliance Officer:**

Pooja Dhruve – Company Secretary & Compliance Officer. [#]

Nikhil Vadera – Company Secretary & Compliance Officer. [§]

[#] Appointed w.e.f February 10, 2023.

[§] Resigned w.e.f. November 14, 2022.

- c. **Details of Complaints/ Queries received and redressed during 1st April 2022 to 31st March 2023 are as follows:**

Number of shareholders' complaints pending at the beginning of the year	Number of shareholders' complaints received during the year	Number of shareholders' complaints redressed during the year	Number of shareholders' complaints pending at the end of the year
Nil	Nil	Nil	Nil

6. RISK MANAGEMENT COMMITTEE:

The Company has laid down procedures for risk assessment and its minimization. These are reviewed by the Board to ensure that the management manages the risk through a properly defined framework.

7. INFORMATION ON GENERAL BODY MEETINGS:

- i. **Details of the last three years Annual General Meetings (AGM) or Extra Ordinary General Meetings (EGM) are as under:**

FINANCIAL YEAR	DATE & TIME	VENUE
2021-22	September 30, 2022 02:00 P.M.	Meeting through Video
2020-21	December 20, 2021 02:00 P.M	Conferencing/ Other Audio-
2019-20	December 09, 2020 03:00 P.M	Visual Means facility.

- ii. **Special Resolutions passed in the last 3 Annual General Meetings:**

2020-21

No special resolution was passed

2021-22

- a. Increase In Borrowing Power

- b. Increase in creation of charges on the Movable and Immovable properties of the company, both present and future, in respect of borrowings

2019-20

- a. To alter Article of Association of the Company.
- b. To convert the facilities together with the outstanding loans or any other financial assistance.

iii. Postal Ballot and procedure:

During the year under review, the Company obtained the approval from shareholders through postal ballot, the details of the same are mentioned herein below. Details of resolutions passed through postal ballot during Financial Year 2022-23 and details of the voting pattern:

The following resolutions were passed through Postal Ballot (including electronic voting) as on 16th April, 2023:

- a) To give loans, inter corporate deposits, give guarantees in connection with loans made by any person or body corporate and acquire by way of subscription, purchase or otherwise the securities of any other body corporate in excess of the limits prescribed in section 186 of the Companies, Act, 2013 upto an aggregate amount of Rs. 500 Crores.

Votes in favour of resolution	114215563
Votes against the resolution	1605
Percentage of votes in favour of resolution	99.9986%

- b) Approval for giving loan or guarantee or providing security in connection with loan availed by any of the Company's subsidiary or any other person specified under section 185 of the Companies Act, 2013 upto an aggregate amount of Rs. 500 Crores.

Votes in favour of resolution	114215558
Votes against the resolution	1610
Percentage of votes in favour of resolution	99.9986%

- c) To Re-appoint Mr. Brijmohan D. Chiripal (DIN: 00290426) as Managing Director of the Company and approve his remuneration.

Votes in favour of resolution	114216677
Votes against the resolution	491
Percentage of votes in favour of resolution	99.9996%

The Board of Directors of the Company had appointed M/s. Chirag Shah and Associates, a Practicing Company Secretaries firm, Ahmedabad as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

8. MEANS OF COMMUNICATION:

In compliance of SEBI Listing Regulations, the quarterly and annual financial results of the Company were submitted to Stock Exchange i.e. BSE soon after Board of Directors approved and taken on record these results and were normally published in Financial Express in English and Gujarati language and displayed on the Company's website at www.vishalfabricsltd.com. All important information(s) and official press releases, wherever required, are displayed on the website for the benefit of the public at large.

Your Company also regularly makes presentation to the analyst in their meetings held from time to time, transcripts of which are uploaded on your Company's website. The schedule of analyst meets/Institutional Investors meets are also informed to the public through the Stock Exchanges.

Further, the Board of Directors has approved a policy for determining materiality of events for the purpose of making disclosure to the stock exchange. The Managing Director, Wholetime Director, Chief Executive Officer, Chief Financial Officer and the Company Secretary of the Company are empowered to decide on the materiality of the information for the purpose of making disclosure to the Stock Exchanges.

9. GENERAL SHAREHOLDER INFORMATION:

i. Annual General Meeting:

Date	29 th , September, 2023
Time	2:00 P.M IST
Venue	Meeting through Video Conferencing/ Other Audio-Visual Means facility.

- ii. **Financial Year:** The Financial Year of the Company is for a period of 12 months from 1st April to 31st March.

- iii. **Dividend Payment Date:** The Board has not recommended final dividend for the financial year under review.

iv. Registered Office:

Shanti Corporate House, Near Hira Rupa Hall, Bopal - Ambli Road, Bopal, Ahmedabad - 380058.

E-mail: cs.vfl@vishalfabrics.co.in

Website: <https://vishalfabricsltd.com/>

Tel: 9099952542, 02717 -466959,

Fax: 091-7925353981

v. Listing on Stock exchanges:

Sr. no	Name of Stock Exchange	Code/Symbol	Address
1.	BSE Limited	538598	Phiroze Jeejeebhoy Tower, Dalal Street Mumbai - 400 001
2.	National Stock Exchange of India Limited (Permitted to Trade Only)	VISHAL	National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai - 400 051

- vi. **Listing Fees:** The Company has paid Annual Listing Fees to the Stock Exchange.
- vii. **Custodian Fees to Depositories:** The Company has paid fees for the financial year 2022-23 of Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).
- viii. **ISIN of Company' Equity Shares:** INE755Q01025
- ix. **Corporate Identification Number (CIN):** L17110GJ1985PLC008206
- x. **Stock Market Price Data:** Monthly high and low prices of the Company's Equity Shares on BSE Sensex for the F.Y. 2022-2023 are noted herein below:

All Prices in ₹

Month	High Price	Low Price	Close Price	Volume of Shares
Apr 22	43.50	33.60	35.80	1640538
May 22	37.35	28.60	31.05	474236
Jun 22	35.70	23.30	27.75	473400
Jul 22	29.45	23.30	23.55	822869
Aug 22	26.00	23.30	25.25	748321
Sep 22	29.90	23.25	23.85	1105502
Oct 22	24.95	21.60	22.35	509780
Nov 22	24.45	21.50	22.65	571139
Dec 22	23.00	18.25	21.25	967060
Jan 23	21.85	18.40	19.05	402636
Feb 23	22.45	18.35	19.20	862974
Mar 23	22.50	16.30	16.45	1125084

- xi. **Registrar and Share Transfer Agent: For Demat Securities:**

Link Intime India Private Limited

5th Floor, 506-508 Amarnath Business Centre -1, St Xavier's Corner, Chimanlal Girdharlal Rd, Sardar Patel Nagar, Ellis Bridge, Ahmedabad, Gujarat 380009.

Phone: 079 2646 5179

Website: <https://linkintime.co.in/>

E-mail: ahmedabad@linkintime.co.in

- xii. **Share Transfer System:** Entire holding of the Company is in dematerialized form and matters pertaining to Share Transfer are being handled by Link Intime Private Limited.

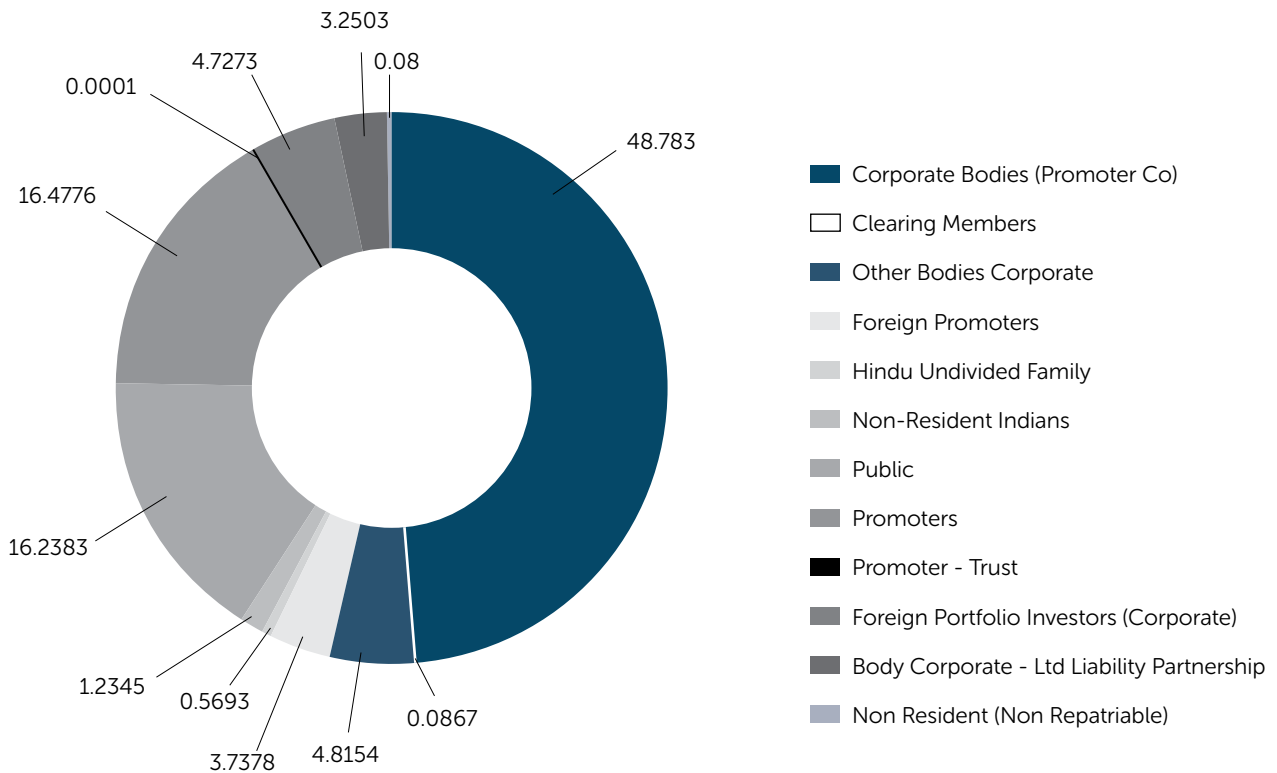
- xiii. **Distribution of shareholding:**

- Distribution of Shareholding as on March 31, 2023:

Sr. No.	Shares Range	No. of Shareholders	Total Shares	% of issued capital
1.	1- 500	24298	75.6593	1.6375
2.	501-1000	3272	10.1884	1.2774
3.	1001-2000	2036	6.3397	1.528
4.	2001-3000	861	2.681	1.1174
5.	3001-4000	334	1.04	0.5949
6.	4001-5000	314	0.9777	0.7325
7.	5001-10000	532	1.6565	1.9342
8.	100001 and above	468	1.4573	91.178

- Category wise Shareholding as on March 31, 2023:

Category of Shareholders	No. of shares	% Of issued capital
Corporate Bodies (Promoter Co)	96399996	48.783
Clearing Members	171328	0.0867
Other Bodies Corporate	9515649	4.8154
Foreign Promoters	7386177	3.7378
Hindu Undivided Family	1124902	0.5693
Non-Resident Indians	2439411	1.2345
Public	32088439	16.2383
Promoters	32561304	16.4776
Promoter - Trust	100	0.0001
Foreign Portfolio Investors (Corporate)	9341672	4.7273
Body Corporate - Ltd Liability Partnership	6422950	3.2503
Non Resident (Non Repatriable)	158075	0.08
TOTAL	197610003	100



xiv. Dematerialization of Shares and Liquidity: Entire equity share capital is held in the demat form with NSDL and CDSL.

xv. Outstanding Global Depository receipt (GDRs)/ American Depository Receipt (ADRs) /Warrants or any Convertible Instruments, conversion date, likely impact on equity: - NA

xvi. Plant Locations:

- Narol, Ahmedabad
- Dholi, Ahmedabad

xvii. Address for Correspondence:

- For any query relating to shares:

Link Intime India Private Limited

5th Floor, 506-508 Amarnath Business Centre -1, St Xavier's Corner, Chimanlal Girdharlal Rd, Sardar Patel Nagar, Ellis Bridge, Ahmedabad, Gujarat 380009.
Phone: 079 2646 5179

Website: <https://linkintime.co.in/>

E-mail: ahmedabad@linkintime.co.in

- **For General Correspondence:**

Registered Office

- Company Secretary

Vishal Fabrics Limited, Shanti Corporate House, Near Hira Rupa Hall, Bopal - Ambli Road, Bopal, Ahmedabad - 380058. Tel: 9099952542, 02717 -466959, Fax: 091-7925353981

Website: www.vishalfabricsltd.com

E-mail: cs.vfl@vishalfabrics.co.in

xviii. Credit Rating obtained in the Financial Year 2022-23:

During the financial year 2022-23, the Credit Rating of your Company is BWR A- (pronounced A minus) for long term facilities and BWR A2+ (pronounced A Two Plus) for short term bank loan facilities. The said ratings are being provided by Brickwork Ratings India Pvt. Ltd.

xix. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities: The Company is not dealing in commodities and hence disclosure relating to Commodity price risks and commodity hedging activities is not required.

10. Other Disclosures:

i. Related Party Transactions:

During the year under review, apart from the transactions reported in Notes to accounts, there were no material significant related party transactions with the Promoters, Directors, Managements and other Related Parties. None of the contracts/transactions with Related Parties had a potential conflict with the interest of the Company at large. The interest of Director, if any, in the transactions are disclosed at Board Meetings and the interested Director does not participate in the discussion or vote on such transactions. Details of transactions with related parties are placed before the Audit Committee on a quarterly basis.

The Company has adopted a policy on materiality of related party transactions and dealing with Related Party Transactions and the same is disclosed on the website of the Company.

ii. Details of Non- Compliance:

No Strictures or penalties have been imposed on the Company by Securities and Exchange Boards of India or by any statutory authority on any matters related to capital markets during the last three years except the following:

The Bombay Stock Exchange had imposed penalty for non-compliance of optimum composition of executive and non-executive director under Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Non-compliance of Regulation 295 of Securities and Exchange Board of India (Issue of Capital

and Disclosure Requirements) Regulations, 2018 reported in previous Annual Report. The Company has paid respective penalty to the Bombay Stock Exchange.

iii. Whistle Blower Policy and Access of personnel to the Audit Committee:

The Company has set up a Vigil mechanism by way of a Whistle Blower Policy as required under Section 177(9) of the Companies Act, 2013 to provide vigil mechanism for Directors/Employees to voice their concerns in a responsible and effective manner regarding unethical behaviour, actual or suspected, fraud or violation of the Company's policies and code of conduct. It also provides adequate safeguards against victimization of Directors/Employees who avail the mechanism.

No person of the Company has been denied access to the Audit Committee and there are no instances of any such access and the Whistle Blower Policy is available on the website of the Company.

iv. Compliances by the Company:

The Company has complied with the requirements of the Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets except the non-compliance disclose above in point no. 10 (ii).

v. Web Link for policy on Material Subsidiary:

The Company has formed the policy for determining material subsidiary as required by Regulation 16 of the SEBI (LODR) Regulations, 2015 and the same is disclosed on the Company's website i.e. <https://vishalfabricsltd.com/wp-content/uploads/2021/02/Policy-for-Material-Subsidiary.pdf>

vi. Web Link Where Policy on Dealing with Related Party Transactions

The policy on Related Party Transactions is disclosed on the Company's website at <https://vishalfabricsltd.com/wp-content/uploads/2021/02/Related-Party-Policy.pdf>

vii. Disclosure of commodity price risks and commodity hedging activities.

There is no commodity price risk and commodity hedging activity during the financial year ended on March 31, 2023. The Company does not use any derivative contracts to hedge exposure to fluctuations in commodity prices.

viii. Funds Raised Through Preferential Allotment or Qualified Institutions Placement:

The Company has not raised any fund during the previous financial year through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ix. Certificate from Company Secretary in Practice:

The Company has taken certificate from Mr. Jatin Kapadia, Practicing Company Secretary, Membership No. 11417 and Certificate of Practice No.12043, that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

x. Recommendation of any committee of the board which is mandatorily required:

The Board has accepted all the recommendations of various committees of the Board during the financial Year 2022-2023.

xi. Details of total fees paid to Statutory Auditors:

The total fees for all services paid by the listed entity to the statutory auditor is a part is Rs. 16,65,500/- p.a.

xii. Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- number of complaints filed during the financial year – NIL
- number of complaints disposed of during the financial year - NIL
- number of complaints pending as on end of the financial year –NIL

xiii. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount

The company has not granted any loans and advances to firms/companies in which directors are interested.

11. Non-Compliance of requirement of Corporate Governance Report:

There is no Non-compliance of any requirement of corporate governance report as required under the SEBI (LODR) Regulations, 2015 read with Schedule V of the act except the non-compliance disclose above in point no. 10 (ii) regarding optimum composition of board of directors.

12. Discretionary Requirements:

• **The Board**

The requirement relating to maintenance of office and reimbursement of expenses of Non-Executive

Chairman is not applicable to the Company, since the Chairman of the Company is an Executive Director.

• **Shareholders' Rights:**

The quarterly and half yearly financial performance along with significant events are published in the newspapers and are also posted on the Company's website.

• **Modified opinion(s) in audit report:**

There are no qualifications in the Auditor's Report on the financial statements of the company.

• **Reporting of Internal Auditor**

Internal Auditors are invited to the meetings of Audit Committee wherein they report directly to the Committee.

• **Details of shares lying in suspense account:**

Not Applicable

13. Disclosure of Compliance with Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR) Regulations, 2015:

The Company has complied with corporate governance requirements specified in regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (LODR) Regulations, 2015 except the non-compliance disclose above in point no. 10 (ii) regarding optimum composition of board of directors.

14. Code of Conduct:

The Company has laid down a Code of Conduct for the Members of the Board and the Senior Management in accordance with the Regulation 17(5) of the SEBI (LODR) Regulations, 2015. All the members of the Board and the Senior Management have affirmed compliance with the Code of Conduct as on 31st March, 2023 and a declaration to that effect signed by the Chief Executive Officer is enclosed of this report.

The code of conduct has been hosted on the website of the Company at <https://vishalfabricsltd.com/wp-content/uploads/2021/02/Code-of-Conduct-for-BOARD-AND-SENIOR-MANAGEMENT.pdf>

DECLARATION BY THE CHIEF EXECUTIVE OFFICER

I, Vinay Thadani, Chief Executive Officer of Vishal Fabrics Limited, hereby declare that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Regulation 26 (3) of the SEBI (LODR) Regulations, 2015 for the year ended 31st March, 2023.

Place: Ahmedabad
Date: August 1, 2023

Vinay Thadani,
Chief Executive Officer

Independent Auditor's Certificate on Corporate Governance

To,
The Members
Vishal Fabrics Limited

This Certificate is issued in accordance with the terms of our Company. We have examined the compliance of conditions of corporate governance by **Vishal Fabrics Limited** (the 'Company') For the year ended 31st March 2023, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and Paragraphs C, D and E of Schedule V of the SEBI (LODR) Regulations, 2015 (the listing regulation)

Management's Responsibility

The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor expression on opinion of financial statements of company.

We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance note on certification of Corporate Governance issued by Chartered Accounts of India and the guidance note on special purposes issued by ICAI which requires that We comply with the ethical requirements of the

Code of Ethics issued by the ICAI.

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

Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate Governance as stipulated in the Listing Regulations during the year ended 31st March, 2023.

We state that such compliance is neither assurance of future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of company.

Restriction on use

This Certificate is solely use for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For, **Nahta Jain and Associates**
Chartered Accountants
FRN: 106801W

Gaurav Nahta
(Partner)

Place: Ahmedabad
Date :30/06/2023

M.No.116735
UDIN:23116735BGVVRB7758

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

“PURSUANT TO REGULATION 17(8) SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015”

To,
The Board of Directors,
Vishal Fabrics limited

We, the undersigned, in our respective capacity as Chief Executive Officer and Chief Financial Officer of Vishal Fabrics Limited (“the company”), to the best of our knowledge and belief certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2023 and based on our knowledge and belief, we state that:
 - i. These statements do not contain any materially untrue statement or omit material fact or contain any statement that might be misleading;
 - ii. These statements together present a true and fair view of the company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company’s code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, the deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - i. Significant changes, if any, in the internal control over financial reporting during the year;
 - ii. Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

Date: May 16, 2023
Place: Ahmedabad

Dharmesh Dattani
Chief Financial Officer

Vinay Thadani
Chief Executive Officer

Independent Auditors' Report

To
The Members of
M/S. VISHAL FABRICS LIMITED

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **M/S. VISHAL FABRICS LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian accounting Standards prescribed under section 133 of the Act read with the companies (Indian Accounting standards) Rule, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023 and its profit & total Comprehensive Income, Changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw the attention to the financial statements, which describes the effect of business activity at Narol division. Company has vide agreement in quarter four has given the major division of the Narol division on On Lease / Joint Venture TEXWORLD FASHIONS PRIVATE LIMITED. Narol division has strong synergy with Company's business and hence is an essential part of the Company's strategy.

Other Matter

The Income Tax Department conducted a Search activity under section 132 of the Income Tax Act on the company in July 2022. Subsequently, the company has provided all support and cooperation and given the necessary documents and data to the department, as requested by the Department. The Company is examining and reviewing the details of the matter and will take appropriate actions, including addressing regulatory actions, if and when they occur.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these matters. Based on the circumstances and facts of the audit and entity, there are no key audit matters to be communicated in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

Based on the work we have performed, we conclude that there is a no material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with

respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of 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 judgements and estimates that are responsible and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statement

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

A further description of the auditor's responsibilities for the audit of the financial statements is included in **Annexure A**. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure B**, statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, 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 purpose of our audit.

- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Standalone Balance sheet, the statement of Standalone Profit and loss, other comprehensive Income, Statement of changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any.
 - iii) The Provisions of transfer of funds to Investor Education and Protection Fund not applicable to the Company.
 - iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other

- person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our
- notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.
- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For and on Behalf of
Nahta Jain & Associates
Chartered Accountants
Firm Regn. No. 106801W

Place : Ahmedabad
Date: 16/05/2023
UDIN: 23116735BGVVQG1364

(CA. Gaurav Nahta)
Partner
M.No.116735

Annexure "A"

to the Independent Auditor's Report

Responsibilities for Audit of Financial Statement

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

For and on Behalf of

Nahta Jain & Associates
Chartered Accountants
Firm Regn. No. 106801W

Place : Ahmedabad
Date: 16/05/2023
UDIN: 23116735BGVQG1364

(CA. Gaurav Nahta)
Partner
M.No.116735

Annexure "B" to the Independent Auditor's Report

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the Standalone financial statements for the year ended 31 March 2023, we report that;

(i) In respect of Fixed Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

The Company has maintained proper records showing full particulars of intangible assets.

- b) As per the information and explanations given to us, all the assets have been physically verified by the management and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets.
- c) Based on our examination of the property tax receipts and lease agreement for land on which building is constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment and Investment property are held in the name of the Company as at the balance sheet date.
- d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
- e) Based on the information and explanations furnished to us, no proceedings have been initiated or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and

Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

(ii) In respect of Inventory:

- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable. As informed to us there were no material discrepancies noticed on verification between the physical stocks and the book records and any discrepancies found has been properly dealt within the books of accounts.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned working capital limits in excess of five crore rupees at any point of time during the year, from banks on the basis of security of current assets. Therefore, reporting under this clause is not applicable.

- (iii) During the year under audit, the Company has not granted any loans or advances, secured or unsecured or provided any guarantee or securities, to the companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 hence clause 3 (iii) (a) (b) (c), (d), (e), (f) of the Companies (Auditor's Report) Order, 2020 are not applicable.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

- (v) According to the information and explanation given to us, the company has not accepted any deposit from the public during the year. Therefore, the provisions of clause (v) of paragraph 3 of the order are not applicable to the company.

- (vi) The central government has prescribed maintenance of cost records under section 148(1)(d) of the companies act 2013 in respect of certain manufacturing activities of the company. Company has obtained cost audit report for the financial year 2021-22 during the year. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out detailed examination of the same.

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

- (a) The company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Goods and Service Tax, Custom Duty, Excise Duty, Service Tax, Value Added Tax, Cess and any other statutory dues with the appropriate authorities except

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period To which The amount relates	Due Date	Date of Payment	Remarks, if any
Provident Fund	Employee's Contribution	3,43,038		April-23	Not paid	-

According to the information and explanations given to us, except above no undisputed amounts payable in respect of afore mentioned dues were outstanding as at 31st March 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, details of statutory dues that have not been deposited on account of disputes are as under:

Sr. No.	Name of The Statute	Nature of Dues	Amount	Forum Where Dispute is Pending	Remark
1	Income Tax Act, 1961	Income Tax	2,16,510	CPC	AY 2018

(viii) According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(ix) a) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks. As there are no debentures, the question of repayment does not arise.

b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Willful Defaulter by any bank or financial institution or government or any government authority.

c) According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.

d) According to the information and explanations given to us, funds raised on short term basis have not been utilized for long term purposes.

e) According to the information and explanations given to us, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.

f) According to the information and explanations given to us and procedures performed by us, we report that the Company does not have any subsidiary therefore reporting under clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the Audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not received any whistleblower complaints during the year.

(xii) According to the information and explanations given to us, the Company is not Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in

compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone financial statements as required by the applicable accounting standards.

- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under provisions of sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For and on Behalf of

Nahta Jain & Associates
Chartered Accountants
Firm Regn. No. 106801W

Place : Ahmedabad
 Date: 16/05/2023
 UDIN: 23116735BGVWQG1364

(CA. Gaurav Nahta)
Partner
M.No.116735

Annexure "C" to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

Opinion

We have audited the internal financial controls over financial statements of **M/S. VISHAL FABRICS LIMITED** ("the Company"), as of 31 March, 2023, in conjunction with our audit of the standalone financial statements of the Company as at and for the year ended that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls 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 ('ICAI'). These responsibility include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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.

For and on Behalf of

Nahta Jain & Associates
Chartered Accountants
Firm Regn. No. 106801W

Place : Ahmedabad
Date: 16/05/2023
UDIN: 23116735BGVWQG1364

(CA. Gaurav Nahta)
Partner
M.No.116735

Balance Sheet

as at 31st March 2023

(Rs. in Crore)

Particulars	Notes	As At 31-03-2023	As At 31-03-2022
ASSETS			
1 NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	2	175.68	269.74
(b) Capital Work-In-Progress	2A	9.39	3.29
(c) Investment Property	2B	64.88	0.21
(d) Financial Assets			
(i) Investments	3	33.32	23.88
(ii) Others Financial Assets	4	2.35	2.34
(f) Other Non-Current Assets	5	1.61	1.80
TOTAL NON-CURRENT ASSETS		287.22	301.25
2 CURRENT ASSETS			
(a) Investments	6	-	26.00
(b) Inventories	7	79.24	96.52
(c) Financial Assets			
(i) Trade Receivables	8	456.42	393.32
(ii) Cash And Cash Equivalents	9	0.47	0.25
(iii) Bank Balances Other Than (ii) Above	10	9.15	21.56
(d) Other Current Assets	11	34.18	38.59
TOTAL CURRENT ASSETS		579.47	576.24
TOTAL ASSETS		866.69	877.50
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	12	98.81	98.81
(b) Other Equity	13	291.50	235.81
TOTAL EQUITY		390.30	334.61
LIABILITIES			
1 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	14	134.42	163.08
(ii) Other Financial Liabilities	15	11.53	4.72
(b) Provisions	16	2.25	2.38
(c) Deferred Tax Liabilities (Net)	17	3.83	5.96
TOTAL NON-CURRENT LIABILITIES		152.02	176.14
2 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	18	182.99	214.63
(ii) Trade Payables	19		
- Due to Micro and Small Enterprises		18.12	0.70
- Due to Creditors other than Micro and Small Enterprises		99.64	137.25
(b) Other Current Liabilities	20	4.57	7.94
(c) Provisions	21	2.78	4.19
(d) Current Tax Liabilities (Net)	22	16.25	2.03
TOTAL CURRENT LIABILITIES		324.36	366.75
TOTAL EQUITY AND LIABILITIES		866.69	877.50

Significant Accounting Policies

1

The accompanying Notes 2 to 51 are integral part of the Financial Statements.

As per our report of even date
For **Nahta Jain and Associates**
Chartered Accountants
Firm Registration No: 106801W

For and on behalf of the Board of Directors of **Vishal Fabrics Limited**
CIN : L17110GJ1985PLC008206

Gaurav Nahta
Partner
Membership No.: 116735

Brijmohan Chiripal
Managing Director
DIN : 00290426

Dharmesh Dattani
Chief Financial
Officer

Pooja Dhruve
Company
Secretary
Mem No. A48396

Ravindrakumar Bajranglal Bajaj
Whole-Time Director
DIN : 08243855

Place: Ahmedabad
Date: 'May 16,2023

Place: Ahmedabad
Date: 'May 16,2023

Statement of Profit and Loss

for the year ended on 31st March 2023

(Rs. in Crore)

Particulars	Note No.	2022-23	2021-22
I Revenue From Operations	23	1547.86	1546.76
II Other Income	24	4.03	3.08
III Total Income (I+II)		1551.89	1549.84
IV EXPENSES			
(a) Cost of Materials Consumed	25	1312.55	1283.77
(b) Purchases of Stock-In-Trade	25A	2.13	6.75
(c) Changes in Inventories of Finished Goods	26	(15.40)	(14.75)
(d) Changes in Stock-In-Trade and Work-In-Progress	26A	5.93	(6.29)
(e) Employee Benefits Expense	27	63.29	77.36
(f) Finance Costs	28	37.35	37.82
(g) Depreciation and Amortization Expense	29	33.41	33.44
(h) Other Expenses	30	43.69	38.54
Total Expenses (IV)		1482.96	1456.64
V Profit/(Loss) Before Tax (III-IV)		68.94	93.20
VI Tax Expense:	31		
(a) Current Tax		19.72	25.15
(b) Deferred Tax (Credit)/charge		(0.47)	0.35
(C) Tax Expense Related to Earlier Year		(3.13)	(1.34)
Total Tax Expenses		16.12	24.16
VII Profit (Loss) For The Year (V-VI)		52.82	69.04
VIII Other Comprehensive Income	32		
(a) Items That Will Not be Reclassified To Profit or Loss		3.86	2.64
(b) Income Tax Relating to Items That Will Not be Reclassified to Profit or Loss		(0.99)	(0.68)
(c) Items That Will be Reclassified to Profit or Loss		-	-
(d) Income Tax Relating to Items That Will be Reclassified to Profit or Loss		-	-
Total Other Comprehensive Income		2.87	1.96
IX Total Comprehensive Income for The Period (VII+VIII)(Comprising Profit		55.69	71.00
(Loss) and Other Comprehensive Income for The period)			
X Earnings Per Equity Share :	45		
(a) Basic (in Rs.)		2.67	3.49
(b) Diluted (in Rs.)		2.67	3.49

Significant Accounting Policies

1

The accompanying Notes 2 to 51 are integral part of the Financial Statements.

As per our report of even date
For **Nahta Jain and Associates**
Chartered Accountants
Firm Registration No: 106801W

For and on behalf of the Board of Directors of **Vishal Fabrics Limited**
CIN : L17110GJ1985PLC008206

Gaurav Nahta
Partner
Membership No.: 116735

Brijmohan Chiripal
Managing Director
DIN : 00290426

Dharmesh Dattani
Chief Financial
Officer

Pooja Dhruve
Company
Secretary
Mem No. A48396

Ravindrakumar Bajranglal Bajaj
Whole-Time Director
DIN : 08243855

Place: Ahmedabad
Date: 'May 16,2023

Place: Ahmedabad
Date: 'May 16,2023

Cash Flow Statement

for the year ended 31 March 2023

(Rs. in Crore)

Particulars	Year ended 31/03/2023	Year ended 31/03/2022
Cash flow from operating activities		
Net profit before tax	68.94	93.20
Adjustments:		
Depreciation and amortisation	33.41	33.44
Finance expense	37.35	30.56
Interest income	(0.67)	(0.97)
Gain on sale of Investment	(0.02)	-
Change in Fair Value of Equity Instruments	-	(0.80)
Change in Fair Value of Preference Instruments	(2.63)	(0.92)
Operating cash flow before working capital changes	136.38	154.52
Working capital adjustments:		
Decrease/ (Increase) in trade receivables	(63.11)	(32.10)
Decrease/ (Increase) in other current assets	4.40	11.19
Decrease/ (Increase) in inventories	17.28	(37.42)
Increase/ (Decrease) in trade payables	(20.19)	14.60
Increase/ (Decrease) in provisions	0.41	1.15
Increase/ (Decrease) in current liabilities	(3.37)	1.56
Increase/ (Decrease) in other financial liabilities	6.80	0.97
Cash generated from operations	78.62	114.47
Income tax paid	(5.02)	(22.20)
Net cash generated from operating activities (a)	73.61	92.28
Cash flow from investing activities		
Purchase of Property Plant & Equipment including Capital Work in Progress	(9.96)	(29.69)
Proceeds from sales of Property Plant & Equipment	0.02	-
Purchase of Investment Property	(0.51)	-
Proceeds from sales of Investment Property	0.34	-
Investment in Mutual Fund	-	(26.00)
Proceeds from sales of Mutual Fund	26.02	-
Purchase of Non-current Investment	(4.92)	-
Proceeds from sales of Investment	0.02	-
Capital advances and other non-current assets	0.18	4.16
Interest income	0.67	0.97
Net cash used in investing activities (b)	11.85	(50.56)

Cash Flow Statement

for the year ended 31 March 2023

(Rs. in Crore)

Particulars	Year ended 31/03/2023	Year ended 31/03/2022
Cash flow from financing activities		
Repayment of Long term borrowings	(69.68)	(29.37)
Proceeds from Long term borrowing	41.02	-
Short term borrowings (net)	(31.64)	20.10
Finance cost paid	(37.35)	(30.56)
Dividend	-	(1.05)
Net cash generated from /(used in) financing activities (c)	(97.65)	(40.88)
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	(12.19)	0.84
Cash and cash equivalents at the beginning of the year	21.81	20.97
Cash and cash equivalents at the end of the year	9.62	21.81
Components of cash and cash equivalents		
Cash on hand*	0.39	0.14
Balances with banks		
Current accounts	0.07	0.11
Deposit accounts**	9.15	21.56
	9.62	21.81

* Out of total balance Rs. 0.03 Crore is laying with the income tax department perusing to the search conducted in the month of July - 22.

** Fixed deposit is earmarked with bank

Notes:

- the Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS 7 on Cash Flow Statement notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Indian Accounting Standard) Rules 2015 (as amended).

Significant Accounting Policies 1

The accompanying Notes 2 to 51 are integral part of the Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors of **Vishal Fabrics Limited**

For **Nahta Jain and Associates**

CIN : L17110GJ1985PLC008206

Chartered Accountants

Firm Registration No: 106801W

Brijmohan Chiripal

Managing Director

DIN : 00290426

Dharmesh Dattani

Chief Financial

Officer

Pooja Dhruve

Company

Secretary

Mem No. A48396

Gaurav Nahta

Partner

Membership No.: 116735

Ravindrakumar Bajranglal Bajaj

Whole-Time Director

DIN : 08243855

Place: Ahmedabad

Date: 'May 16,2023

Place: Ahmedabad

Date: 'May 16,2023

Statement of Changes in Equity

for the year ended 31st March, 2023

A. Equity share capital

Equity shares of Rs. 5 each

As at 1st April, 2021	Change in Equity Share Capital due to prior period errors	Restated balance at the beginning of the period 1st April, 2021	Changes in equity share capital during 2021-2022	As at 31st March, 2022	Change in Equity Share Capital due to prior period errors	Restated balance at the beginning of the period 1st April, 2022	Changes in equity share capital during 2022-2023	As at 31st March, 2023
98.81	-	98.81	-	98.81	-	98.81	-	98.81

(Rs. in Crore)

B. Other equity as at 31st March, 2023

Particulars	Share Application Money pending allotment	Equity component of compound financial instruments	Reserves & Surplus		Items of other comprehensive income		Money received against Share Warrants	Total
			Security Premium	Retained Earnings	Equity instruments through other comprehensive Income	Remeasurement of defined benefit plants		
Balance at April 1, 2021	-	-	81.09	148.09	1.41	1.13	-	231.72
Retained earning during the year	-	-	-	69.04	-	-	-	69.04
Issue of Bonus shares*	-	-	(65.87)	-	-	-	-	(65.87)
Other comprehensive income for the year	-	-	-	-	0.59	1.37	-	1.96
Total comprehensive income for the year	-	-	(65.87)	69.04	0.59	1.37	-	5.13
Interim Dividend	-	-	-	(1.05)	-	-	-	(1.05)
Balance at March 31, 2022	-	-	15.22	216.09	2.00	2.50	-	235.81
Balance at April 1, 2022	-	-	15.22	216.09	2.00	2.50	-	235.81
Retained earning during the year	-	-	-	52.82	-	-	-	52.82
Issue of Bonus shares*	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	1.42	1.45	-	2.87
Total comprehensive income for the year	-	-	-	52.82	1.42	1.45	-	55.69
Interim Dividend	-	-	-	-	-	-	-	-
Balance at March 31, 2023	-	-	15.22	268.91	3.42	3.95	-	291.50

(Rs. in Crore)

*Refer Note no.12 for information on issue of Bonus Shares.

Significant Accounting Policies

1

The accompanying Notes 2 to 51 are integral part of the Financial Statements.

As per our report of even date
For **Nahta Jain and Associates**
Chartered Accountants
Firm Registration No: 106801W

For and on behalf of the Board of Directors of **Vishal Fabrics Limited**
CIN : L17110GJ1985PLC008206

Brijmohan Chirpal
Managing Director
DIN : 00290426

Dharmesh Dattani
Chief Financial Officer

Pooja Dhruve
Company Secretary
Mem No. A48396

Gaurav Nahta
Partner

Membership No.: 116735

Place: Ahmedabad
Date: 'May 16, 2023

Ravindrakumar Bajranglal Bajaj
Whole-Time Director
DIN : 08243855

Place: Ahmedabad
Date: 'May 16, 2023

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 1

I. Company Information

Vishal Fabrics Ltd. (the company) is a company domiciled in India and incorporated under the provisions of Companies Act, 1956 of India as a Private Limited company. The same was converted to public limited company w.e.f. 1st March, 2015. The company has its registered office and plant at Narol, Ahmedabad - 380009, and another plant situated at Dholi Integrated Spinning Park, Taluka: Dholka, Village: Dholi, Ahmedabad - 382240, Gujarat, India. The company is engaged in manufacturing and selling of various Textile products like Dyed yarn, Denim Fabrics and job work of Textile products.

II. Basis of preparation

- A. The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.
- B. The financial statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value:
 1. Financial instruments measured at fair value through profit or loss (Note 41)
 2. Financial instruments measured at fair value through other comprehensive income (Note 41)
 3. Defined benefit plans – plan assets measured at fair value (Note 38)

III. Significant accounting policies

A. Revenue recognition

Revenue from contract with customers is recognized upon transfer of control of promised goods/ products to customers at an amount that reflects the consideration to which the Company expect to be entitled for those goods/ products. To recognize revenues, the Company applies the following five-step approach:

- Identify the contract with a customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contract, and
- Recognize revenues when a performance obligation is satisfied.

1. Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, related discounts & incentives and volume rebates. It includes excise duty and excludes value added tax/ sales tax/goods and service tax.

The Company has adopted Ind AS 115 Revenue from contracts with customers, with effect from April 1, 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

2. Interest income

For all financial instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in other income in the statement of profit and loss.

3. Dividends

Dividend income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

B. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that a company incurs in connection with the borrowing of funds.

Notes to standalone financial statements

for the year ended 31st March, 2023

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization.

C. Government Grants

Government grants are only recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

- When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.
- Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, at a below market rate of interest, the effect of this favorable interest is treated as a government grant. The loan or assistance is initially recognized and measured at fair value, and the government grant is measured as the difference between the proceeds received and the initial carrying value of the loan. The loan is subsequently measured as per the accounting policies applicable to financial liabilities.

D. Export Benefits

Duty free imports of raw materials under advance license for imports, as per the Foreign Trade Policy, are matched with the exports made against the said licenses and the net benefits / obligations are accounted by making suitable adjustments in raw material consumption.

E. Taxes

1. Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on the rates and tax laws enacted or substantively enacted, at the reporting date in the country where the entity operates and generates taxable income.

Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their corresponding carrying amounts for the financial reporting purposes.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- i. deductible temporary differences;
- ii. the carry forward of unused tax losses; and
- iii. the carry forward of unused tax credits.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

F. Leases

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to standalone financial statements

for the year ended 31st March, 2023

1) Right-of-use assets

- The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold Land 99 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (p) Impairment of non-financial assets.

2) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for

the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

3) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value

assets recognition exemption to leases of office equipment that are considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

G. Employee Benefits

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible Indian employees of Vishal Fabrics. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, in capacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company contributes Gratuity liabilities to the Vishal Fabrics Limited Employees' Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trusts and contributions are invested in a scheme with the Life Insurance Corporation of India as permitted by Indian law.

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

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

The company operates a defined benefit gratuity plan in India, which requires contributions to be made to a LIC.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling,

Notes to standalone financial statements

for the year ended 31st March, 2023

excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- i. The date of the plan amendment or curtailment, and
- ii. The date that the company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- i. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ii. Net interest expense or income

1. Long-term employee benefits

Post-employment and other employee benefits are recognized as an expense in the statement of profit and loss for the period in which the employee has rendered services. The expenses are recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and loss in respect of post-employment and other long term benefits are charged to the statement of other comprehensive income.

2. Defined contribution plans

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The company has no further payment obligations once the contributions have been paid.

H. Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at acquisition cost of the items. Acquisition cost includes expenditure that is directly attributable to getting the asset ready for intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying

amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An item of spare parts that meets the definition of 'property, plant and equipment' is recognized as property, plant and equipment. The depreciation on such an item of spare part will begin when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. In case of a spare part, as it may be readily available for use, it may be depreciated from the date of purchase of the spare part.

Capital work in progress is stated at cost and net of accumulated impairment losses, if any. All the direct expenditure related to implementation including incidental expenditure incurred during the period of implementation of a project, till it is commissioned, is accounted as Capital work in progress (CWIP) and after commissioning the same is transferred / allocated to the respective item of property, plant and equipment.

Pre-operating costs, being indirect in nature, are expensed to the statement of profit and loss as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated to allocate the cost of assets, net of their residual values, over their estimated useful lives. Components having value significant to the total cost of the asset and life different from that of the main asset are depreciated over its useful life. However, land is not depreciated. The useful lives so determined are as follows:

Assets	Estimated useful life
Lease hold land	Lease term (99 years)
Buildings	30 to 60 years
Plant and machinery	9 to 40 years
Furniture and fixtures	10 years
Office equipment	10 years
Vehicles	8 to 10 years

Notes to standalone financial statements

for the year ended 31st March, 2023

Depreciation on property, plant and equipment has been provided in the accounts based on useful life of the assets prescribed in Schedule II to the Companies Act, 2013. Certain assets are depreciated over the useful life decided by the management based on estimate by the domain experts. The said useful life are less than prescribed by the schedule II of the Companies Act, 2013.

Depreciation on additions is calculated on pro rata basis with reference to the date of addition.

Depreciation on assets sold/ discarded, during the period, has been provided up to the preceding month of sale / discarded.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

I. Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

J. Intangibles

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the company and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

K. Inventories

Inventories are valued at the lower of cost and net realizable value.

1. **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
2. **Finished goods and work in progress:** cost includes cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on lower of cost or net realizable value.
3. **Stores and spares:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. An item of spare parts that does not meet the definition of 'property, plant and equipment' has to be recognized as a part of inventories.
4. **Fuel:** cost includes cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

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

L. Investment in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are recognized at cost as per Ind AS 27. Except where investments accounted for at cost shall be accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

M. Financial Instruments

1. Financial assets

i. Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to standalone financial statements

for the year ended 31st March, 2023

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a. Debt instruments at amortized cost
- b. Debt instruments at fair value through other comprehensive income (FVTOCI)
- c. Financial assets at fair value through profit or loss (FVTPL)
- d. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

iii. Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

iv. Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

- b. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

v. Financial instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

vi. Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Notes to standalone financial statements

for the year ended 31st March, 2023

vii. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e. removed from the company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a) the company has transferred substantially all the risks and rewards of the asset, or
 - b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

viii. Impairment of financial assets

The company assesses impairment based on expected credit loss (ECL) model to the following:

- a. Financial assets measured at amortized cost;
- b. Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

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

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- a. Trade receivables or contract revenue receivables; and

Under the simplified approach, the company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Notes to standalone financial statements

for the year ended 31st March, 2023

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

ix. **Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables**

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

2. Financial liabilities

i. **Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

ii. **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- a. Financial liabilities at fair value through profit or loss
- b. Loans and borrowings
- c. Financial guarantee contracts

iii. **Financial liabilities at FVTPL**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The company has not designated any financial liability as at fair value through profit and loss.

iv. **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

v. **Financial guarantee contracts**

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly

Notes to standalone financial statements

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attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

When guarantees in relation to loans or other payables of associates are provided for no compensation the fair values are accounted for as contributions and recognized as part of the cost of the investment.

vi. Preference shares

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in profit or loss as finance costs.

vii. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

3. Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

N. Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is determined:

- i. In case of individual asset, at higher of the fair value less cost to sell and value in use; and
- ii. In case of cash-generating unit (accompany of assets that generates identified, independent cash flows), at the higher of the cash-generating unit's fair value less cost to sell and the 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

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for the year ended 31st March, 2023

O. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

P. Segment accounting

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products/services.

The accounting policies adopted for segment reporting are in line with the accounting policies of the company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter Segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the company as a whole and are not allocated to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

The Company is primarily engaged in the business of manufacturing, distribution and marketing of textile product. These, in the context of Ind AS 108 on Operating Segments Reporting are considered to constitute single business segment.

Q. Provisions, Contingent liabilities, Contingent assets and Commitments

General

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be

reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is disclosed in the case of:

1. A present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
2. A present obligation arising from the past events, when no reliable estimate is possible;
3. A possible obligation arising from the past events, unless the probability of outflow of resources is remote.

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

The company provides for the expenses to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year. Mines reclamation expenses are incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.

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

R. Dividend

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

The Company recognizes a liability to make cash distributions to equity holders of the Company when the distribution is authorized, and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's

Notes to standalone financial statements

for the year ended 31st March, 2023

Board of Directors. The interim dividends declared during the year are approved by the Board of Directors.

S. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been arrived at, assuming that the proceeds receivable was based on shares having been issued at the average market value of the outstanding shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that would, if issued, either reduce future earnings per share or increase loss per share, are included.

T. Use of estimates and judgements

The presentation of the financial statements is in conformity with the Ind AS which requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 33 - Current tax

Note 38 - Measurement of defined benefit obligations

Note 41 – Fair valuation of unlisted securities

U. Statement of cash flows

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the company are segregated.

V. Current and non-current classification

The company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- i. Expected to be realized or intended to be sold or consumed in normal operating cycle;
- ii. Held primarily for the purpose of trading;
- iii. Expected to be realized within twelve months after the reporting period, or
- iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i. It is expected to be settled in normal operating cycle;
- ii. It is held primarily for the purpose of trading;
- iii. It is due to be settled within twelve months after the reporting period, or
- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- v. Some current liabilities, such as trade payables and some accruals for employee and other operating costs, are part of the working capital used in the entity's normal operating cycle. An entity classifies such operating items as current liabilities even if they are due to be settled more than twelve months after the reporting period.

Notes to standalone financial statements

for the year ended 31st March, 2023

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating Cycle

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has identified twelve months as its operating cycle.

W. Foreign currency translation

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

X. Fair value measurement

The company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

- i. **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or Liabilities.
- ii. **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- iii. **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

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External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The management decides, after discussions with the company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Company's external valuers present the valuation results to the Audit Committee and the company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- i. Disclosures for valuation methods, significant estimates and assumptions.
- ii. Quantitative disclosures of fair value measurement hierarchy.
- iii. Investment in unquoted equity shares (discontinued operations).
- iv. Financial instruments (including those carried at amortized cost).

Y. Exceptional items

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the company is such that its disclosure improves the understanding of the performance of

the company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

Z. Rounding off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirements of Schedule III, unless otherwise stated.

AA. Recent accounting pronouncements

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

- Amendment to Ind AS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a single transaction:

Under the amendments, an entity does not apply the initial recognition exemption for transaction that gives rise to equal taxable and deductible temporary differences. Equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying Ind AS 116 Leases at the commencement date of a lease. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

- Amendments to Ind AS 1 Presentation of Financial Statements – Disclosure of Accounting Policies:

The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose

Notes to standalone financial statements

for the year ended 31st March, 2023

financial statements make on the basis of those financial statements. The supporting paragraph in Ind AS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

- **Amendments to Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors— Definition of Accounting Estimates:**

The amendments replace the definition of a change in accounting estimates with a definition

of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments are not expected to have a significant impact on the Company’s Standalone Financial Statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the company when it will adopt the respective standards.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 2 : PROPERTY, PLANT AND EQUIPMENT

Particulars	GROSS BLOCK (At carrying amount)				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01/04/2022	Additions during the year	Disposal during the year	Transfer to Investment Property (Refer Note no. 5)	As at 01/04/2022	Charge for the year	Disposal during the year	Transfer to Investment Property (refer Note no. 5)	As at 31/03/2023	As at 31/03/2022
	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)
1. Freehold land	5.26	-	-	(5.26)	-	-	-	-	-	5.26
2. Leasehold land	10.98	-	-	-	0.60	0.11	-	-	0.71	10.26
3. Building	83.75	0.08	-	(19.75)	34.28	4.57	-	(14.05)	24.79	39.28
4. Plant & Equipments	350.45	2.81	-	(134.24)	150.76	25.43	-	(79.85)	96.34	122.69
5. Furniture & Fittings	8.64	0.74	-	(4.04)	6.06	0.66	-	(3.41)	3.32	2.02
6. Office Equipments	3.81	0.14	-	(1.88)	3.25	0.24	-	(1.72)	1.77	0.31
7. Vehicles	6.96	0.07	-	(2.26)	5.16	0.53	-	(2.04)	3.65	1.11
Total	469.85	3.83	-	(167.42)	200.11	31.55	-	(101.08)	130.58	175.68

Particulars	GROSS BLOCK (At carrying amount)				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01/04/2021	Additions during the year	Disposal during the year	Transfer to Investment Property	As at 01/04/2021	Charge for the year	Disposal during the year	Transfer to Investment Property	As at 31/03/2022	As at 31/03/2021
	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)
1. Freehold land	3.91	1.35	-	-	-	-	-	-	-	5.26
2. Leasehold land	10.98	-	-	-	0.49	0.11	-	-	0.60	10.37
3. Building	71.48	12.28	-	-	29.19	5.09	-	-	34.28	49.48
4. Plant & Equipments	307.19	43.27	-	-	123.97	26.75	-	-	150.73	199.73
5. Furniture & Fittings	7.88	0.76	-	-	5.47	0.62	-	-	6.09	2.55
6. Office Equipments	3.57	0.24	-	-	2.99	0.26	-	-	3.25	0.56
7. Vehicles	6.11	0.85	(Rs. 42777)	-	4.57	0.60	(Rs. 26239)	-	5.16	1.79
Total	411.12	58.74	(Rs. 42777)	-	166.68	33.43	(Rs. 26239)	-	200.11	269.74

Notes :

- 1 Addition to block of Plant and equipments and other includes interest capitalised during the year Rs 0.03 crore(py Rs.0.85 crore)
- 2 Refer Note no.33 for information on property, plant and equipment hypothecated/mortgaged as security by the Company.
- 3 Refer note no. 34 for disclosure of contractual commitment for the acquisition of property, plant and equipment.
- 4 All assets are in the name of company.
- 5 During the year, the company has entered into Lease cum Joint Venture agreement with M/s Texworld Fashion Private Limited for leasing of it's property, plant and equipment of narol unit. Accordingly, property, plant and equipment of Rs. 66.35 Crore located at Narol, Ahmedabad is reclassified as Investment Property as defined in Ind AS 40 - Investment Property.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 2A : CAPITAL WORK-IN-PROGRESS

(Rs. in Crore)

Particulars	As at 01/04/2022	Additions during the year	Transfer during the year	As at 31/03/2023
Capital Work-in-Progress	3.29	6.10	-	9.39

(Rs. in Crore)

Particulars	As at 01/04/2021	Additions during the year	Transfer during the year	As at 31/03/2022
Capital Work-in-Progress	32.55	11.93	41.19	3.29

Capital Work-in-Progress Ageing Schedule

2022-23

CWIP	Amount in CWIP for a period				Total
	Less Than 1 Year	1-2 Year	2-3 Year	More than 3 Year	
Project in progress - Growth Projects	6.10	3.29	-	-	9.39
Project temporarily suspended	-	-	-	-	-

2021-22

CWIP	Amount in CWIP for a period				Total
	Less Than 1 Year	1-2 Year	2-3 Year	More than 3 Year	
Project in progress - Growth Projects	3.29	-	-	-	3.29
Project temporarily suspended	-	-	-	-	-

Note :

1. Refer Note no.33 for information on capital work-in progress hypothecated as security by the Company.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 2B : INVESTMENT PROPERTY

Particulars	GROSS BLOCK (At carrying amount)				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 01/04/2022	Transfer from PPE (Refer note no.3)	Charge for the year	Disposal during the year	As at 31/03/2023	As at 01/04/2022	Transfer from PPE (Refer Note No. 3)	Charge for the year	Disposal during the year	As at 31/03/2023	As at 31/03/2022
	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)
1. Freehold land	-	5.26	-	-	5.26	-	-	-	-	-	5.26
2. Factory Building	-	19.75	-	-	19.75	-	14.05	0.15	-	14.21	5.55
3. Building	0.21	-	0.51	(0.35)	0.38	(Rs. 32015)	-	0.03	(0.01)	0.02	0.35
4. Plant & Equipments	-	134.24	0.03	(0.88)	133.39	-	79.85	1.60	(0.86)	80.59	52.80
5. Furniture & Fittings	-	4.04	(Rs. 1188)	-	4.04	-	3.41	0.05	-	3.46	0.58
6. Office Equipments	-	1.88	(Rs. 6278)	-	1.88	-	1.72	0.02	-	1.74	0.13
7. Vehicles	-	2.26	-	(0.01)	2.25	-	2.04	0.02	(0.01)	2.05	0.21
Total	0.21	167.42	0.54	(1.23)	166.94	-	101.08	1.87	(0.87)	102.07	64.88

Particulars	GROSS BLOCK (At carrying amount)				ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 01/04/2021	Transfer from PPE (Refer note no.3)	Charge for the year	Disposal during the year	As at 31/03/2022	As at 01/04/2021	Transfer from PPE (Refer Note No. 3)	Charge for the year	Disposal during the year	As at 31/03/2022	As at 31/03/2021
	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)	(Rs. in Crore)
1. Freehold land	-	-	-	-	-	-	-	-	-	-	-
2. Leasehold land	-	-	-	-	-	-	-	-	-	-	-
3. Building	-	-	0.21	-	0.21	-	-	(Rs. 32015)	-	(Rs. 32015)	0.21
4. Plant & Equipments	-	-	-	-	-	-	-	-	-	-	-
5. Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-
6. Office Equipments	-	-	-	-	-	-	-	-	-	-	-
7. Vehicles	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	0.21	-	0.21	-	-	(Rs. 32015)	-	(Rs. 32015)	0.21

Note :

1. Fair value of investment property as on 31st March, 2023 is Rs. 2.24 Cr and 31st March, 2022 is Rs. 0.21 Cr
2. Refer Note no.33 for information on capital work-in progress hypothecated/mortgaged as security by the Company.
3. During the year, the company has entered into Lease cum Joint Venture agreement with M/s Texworld Fashion Private Limited for leasing of its property, plant and equipment of narol unit. Accordingly, property, plant and equipment of Rs. 66.35 Crore located at Narol, Ahmedabad is reclassified from property plant and equipment as Investment Property as defined in Ind AS 40 - Investment Property.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 3 : NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

Numbers		Particulars	As at	As at
31-03-2023	31-03-2022		31/03/2023	31/03/2022
Investment in quoted Equity instruments				
Investment in equity shares (Fully paid up) accounted through other comprehensive income				
20000	20000	Equity Shares of GSL Nova Petrochemicals Ltd of Rs 5 Each	(Rs. 2580)	(Rs. 2580)
10000	10000	Equity Shares of CIL Nova Petrochemicals Ltd of Rs 10 Each	0.02	0.04
		Total : A	0.02	0.04
Investment in Un-quoted Equity instruments				
Investment in equity shares (Fully paid up) accounted through other comprehensive income				
440000	440000	Equity Shares of Dholi Spintex Pvt Ltd of Rs.10 Each	7.79	6.50
136000	136000	Equity Shares of Quality Exim Pvt Ltd of Rs.125 Each	1.86	1.60
35000	35000	Equity Shares of Prakash Calender Pvt Ltd of Rs.10 Each	0.12	0.14
150	150	Equity Shares of Deepak Impex Pvt Ltd of Rs.100 Each	(Rs. 8736)	(Rs. 8436)
20250	20250	Equity Shares of Chiripal Industries Ltd of Rs.10 Each	0.46	0.43
250000	250000	Equity Shares of Nandan Industries Pvt Ltd of Rs.70 Each	2.31	1.83
44	44	Equity Shares of Ellisbridge Co-op Bank Ltd of Rs.25 Each	(Rs. 1100)	(Rs. 1100)
4	4	Equity Shares of Nutan Nagrik Sahakari Bank Ltd of Rs.25 Each	(Rs. 100)	(Rs. 100)
0.00	145000	Equity Shares of Merit Credit Corp Ltd of Rs.1.16 Each	-	0.02
121000	0.00	Equity Shares of Chiripal Textile Mills Pvt. Ltd. of Rs.10 Each	1.85	-
210000	0.00	Equity Shares of Grew Energy Pvt. Ltd. of Rs.10 Each	2.96	-
Investment in Un-quoted Preference shares				
Investment in preference shares (Fully paid up) accounted through Profit & Loss account				
332000	332000	0.01% Non Cumulative Convertible Preference Shares of Quality Exim Pvt Ltd of Rs. 125 Each	4.55	3.91
500000	500000	0.01% Non Cumulative Convertible Preference Shares of Dholi Spintex Pvt Ltd of Rs. 125Each	8.85	7.39
275000	275000	0.01% Non Cumulative Convertible Preference Shares of Nandan Industries Pvt Ltd of Rs. 70 Each	2.55	2.02
		Total : B	33.30	23.84
		Total : A+B	33.32	23.88
		Aggregate amount of quoted investments	0.02	0.04
		Aggregate market value of quoted investments	0.02	0.04
		Aggregate amount of unquoted investments	33.30	23.84
		Aggregate amount of impairment in value of investments	-	-

Note :

- Investments at fair value through other comprehensive income reflect investment in quoted and un quoted equity instruments. Refer note no. 39 for detailed disclosure on fair values

Note - 4: NON-CURRENT FINANCIAL ASSETS - OTHERS

(Rs. in Crore)

Particulars	As at	As at
	31/03/2023	31/03/2022
Bank deposit with original maturity more than 12 months	0.11	0.11
Security Deposits	2.23	2.23
Total	2.35	2.34

Notes :

- Earmarked balances with Banks 0.11 0.11
- Refer Note No.41 to for credit risk, liquidity risk and market risk for non current financial assets - others
- Refer Note no.33 for information on Bank Deposits Pledged as security by the Company.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 5: OTHER NON-CURRENT ASSETS

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Capital advances	1.61	1.80
Total	1.61	1.80

Note:

- 1 Refer note no 33 for Capital Advances as hypothecated by the Company.

Note - 6: CURRENT INVESTMENTS

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Fair Value through Profit & Loss Account		
Quoted		
Investment in Mutual Fund		
L&T Ultra Short Term Fund Direct Plan - Growth - Units 164890.466	-	6.00
L&T Liquid Fund Direct Plan - Growth - Units 68624.171	-	20.00
Total	-	26.00
Aggregate amount of Quoted Investment	-	26.00
Aggregate Market Value of Quoted Investment	-	26.00

Note:

- 1 Refer note no 39 for information about fair value measurement and note no. 42 For credit risk and market risk of investments.
- 2 Refer Note no.33 for information on Current Investment hypothecated as security by the Company.

Note - 7: INVENTORIES

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Raw materials & Packaging materials	22.66	44.85
	22.66	44.85
Work-in-progress	9.83	15.76
Finished goods	43.70	28.30
	53.53	44.06
Stores and spares	3.06	7.61
	3.06	7.61
Total	79.24	96.52

Notes :

- 1 Refer significant accounting policy No. 1 for inventory
- 2 Refer note no.33 for Inventory hypothecated as security by the Company.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 8: CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Trade Receivable Secured, considered good	-	-
Trade Receivable Unsecured, considered good	453.02	385.19
Trade Receivable Unsecured, considered good from related parties (Refer note no. 38)	3.40	8.12
Trade Receivable Unsecured, credit impaired	-	-
	456.42	393.32
Less: Allowance for credit impairment	-	-
Total	456.42	393.32

Notes:

- 1 Refer note no.41 for credit risk, liquidity risk and market risk for current financial assets.
- 2 Refer note no.33 for Trade Receivables hypothecated as security by the Company.

Trade receivables ageing schedule for current year and previous year

2022-23

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables considered good	305.31	132.44	1.46	4.45	0.90	11.86	456.42
Undisputed Trade receivables considered doubtful	-	-	-	-	-	-	-
Disputed Trade receivables considered good	-	-	-	-	-	-	-
Disputed Trade receivables considered doubtful	-	-	-	-	-	-	-
Total	305.31	132.44	1.46	4.45	0.90	11.86	456.42

2021-22

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables considered good	256.96	122.37	2.85	0.94	5.66	4.54	393.32
Undisputed Trade receivables considered doubtful	-	-	-	-	-	-	-
Disputed Trade receivables considered good	-	-	-	-	-	-	-
Disputed Trade receivables considered doubtful	-	-	-	-	-	-	-
Total	256.96	122.37	2.85	0.94	5.66	4.54	393.32

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 9: CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Cash and cash equivalents		
Balance with banks		
In current accounts	0.07	0.11
Cash on hand	0.39	0.14
Total	0.47	0.25

Note:

- 1 Refer note no.41 for credit risk, liquidity risk and market risk for current financial assets.
- 2 Refer note no.33 for Current Financial Assets - Cash and Cash Equivalents hypothecated as security by the Company.
- 3 Out of total balance Rs. 0.03 Crore is laying with the income tax department perusing to the search conducted in the month of July - 22.

Note - 10: CURRENT FINANCIAL ASSETS - OTHER BANK BALANCES

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Other bank balances		
Deposit accounts (with original maturity more than 3 months but less than 12 months)	9.15	21.56
Total	9.15	21.56

Notes:

- 1 Earmarked balances with Banks 9.15 9.15
- 2 Refer note no.41 for credit risk, liquidity risk and market risk for current financial assets.
- 3 Refer note no.33 for Bank Deposits hypothecated as security by the Company.

Note - 11: OTHER CURRENT ASSETS

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Advances to suppliers	13.99	11.10
Balance with statutory authorities	11.95	18.03
Prepaid expenses	1.35	1.01
Others	6.89	8.45
Total	34.18	38.59

Note:

- 1 Refer note no.33 for Other Current Assets hypothecated as security by the Company.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 12: Equity Share Capital

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Rs. in Crore	Number of shares	Rs. in Crore
AUTHORISED				
Equity Shares of Rs. 5 each	200000000	100.00	200000000	100.00
	200000000	100.00	200000000	100.00
ISSUED AND SUBSCRIBED				
Equity Shares of Rs. 5 each	197610003	98.81	197610003	98.81
FULLY PAID UP				
Equity Shares of Rs. 5 each	197610003	98.81	197610003	98.81
	197610003	98.81	197610003	98.81

1 Reconciliation of Number of Equity Shares Outstanding at the Beginning and at the end of the year

Particulars	As at 31-03-2023		As at 31-03-2022	
	Number of shares	Amt in Crores	Number of shares	Amt in Crores
Opening Balance	197610003	98.81	65870001	32.94
Bonus Share issued during the year	-	-	131740002	65.87
Closing Balance	197610003	98.81	197610003	98.81

2 The Company has only one class of equity shares having a par value of Rs.5 per share

3 The company does not have any holding company

4 Each shareholder of equity shares is entitled to one vote per share.

5 During the previous year company has issued 131740002 bonus shares in the ratio of 2:1.

6 Following is the summary of per share dividends recognised as distributions to equity shareholders:

(Rs. in Crore)

Particulars	2022-23	2021-22
Interim dividend (Board recommended the adoption of the interim dividend as the final dividend)	Nil	Re 0.50 Per share

7 In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

8 The details of Shareholders holding more than 5 % of Shares

Particulars	As at 31/03/2023		As at 31/03/2022	
	No. of shares held	% of Total paid up Equity Share Capital	No. of shares held	% of Total paid up Equity Share Capital
Equity shares				
1. Chiripal Industries Ltd.	57294000	28.99%	57294000	28.99%
2. Chiripal Exim LLP	12260847	6.20%	12260847	6.20%

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 12: Equity Share Capital (Contd..)

9 Equity Shares held by the promoters at the end of the year

Sr. No.	Name of promoter	As at 31st March, 2023			As at 31st March, 2022		
		No of shares	% of total shares	% change during the year	No of shares	% of total shares	% change during the year
1	Brijmohan D Chiripal	7483500	3.79	0.00	7483500	3.79	200.00
2	Savitrivedi V Chiripal	4067226	2.06	0.00	4067226	2.06	257.40
3	Pritidevi B Chiripal	3413997	1.73	0.00	3413997	1.73	209.24
4	Manjudevi Jaiprakash Chiripal	2358000	1.19	0.00	2358000	1.19	200.00
5	Vineeta Chiripal	2169300	1.10	7.43	2019300	1.02	100.00
6	Vishal V Chiripal	2091996	1.06	0.00	2091996	1.06	200.00
7	Urmiladevi Jyotiprasad Chiripal	1812000	0.92	0.00	1812000	0.92	100.00
8	Deepak J Chiripal	1512000	0.77	0.00	1512000	0.77	200.00
9	Aayushi Jaiprakash Agarwal	1338746	0.68	0.51	1332000	0.67	200.00
10	Jaiprakash D Chiripal	1332000	0.67	0.00	1332000	0.67	200.00
11	Jyotiprasad D Chiripal	1332000	0.67	0.00	1332000	0.67	200.00
12	Nitika Deepak Chiripal	1332000	0.67	0.00	1332000	0.67	200.00
13	Nishi J Agarwal	664000	0.34	2.47	648000	0.33	200.00
14	Shiwani V. Chiripal	648000	0.33	0.00	648000	0.33	200.00
15	Saloo J. Agarwal	432000	0.22	0.00	432000	0.22	200.00
16	Ronak B Agarwal	316689	0.16	0.00	316689	0.16	-47.70
17	Priyanka Brijmohan Chiripal	257850	0.13	0.00	257850	0.13	200.00
18	Jaiprakash Chiripal - UNITY TRUST	100	0.00	100.00	0.00	0.00	0.00
19	Chiripal Industries Limited	57294000	28.99	0.00	57294000	28.99	200.00
20	Chiripal Exim Llp	12622350	6.39	0.00	12622350	6.39	200.00
21	Tripoli Management Private Limited	8082225	4.09	0.00	8082225	4.09	200.00
22	Devkinandan Corporation Llp	7074000	3.58	0.00	7074000	3.58	200.00
23	Nandan Corporation Llp	5711235	2.89	0.00	5711235	2.89	98.52
24	Chiripal Textile Mills Private Limited	2200000	1.11	83.33	1200000	0.61	100.00
25	Quality Exim Private Limited	2118686	1.07	38.04	1534806	0.78	100.00
26	Nandan Industries Private Limited	1297500	0.66	0.00	1297500	0.66	100.00
27	Shanti Exports Pvt Limited	0.00	0.00	-100.00	3233880	1.64	200.00
28	Vedprakash Chiripal	7386177	3.74	0.00	7386177	3.74	200.00
Total promoter shares outstanding		136347577	69.00		137824731	69.76	

Note - 13: OTHER EQUITY

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Security Premium		
Opening balance	15.22	81.09
Less : Utilised for the purpose of Issue of Bonus Shares (Refer note no. 12)	-	65.87
Closing balance	15.22	15.22
Retained Earnings		
Opening balance	216.09	148.09
Add : Retained earnings during the year	52.82	69.04
Less: Interim Dividend Paid (Refer note no. 12)	-	1.05
Closing Balance	268.91	216.09
Other Comprehensive Income		
Opening balance	4.50	2.54
Add:		
Due to increase in Fair Value of Equity Instruments	1.42	0.59
Due to Remeasurement of defined benefit plants	1.45	1.37
Closing balance	7.37	4.50
Total Other Equity	291.50	235.81

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 13: OTHER EQUITY (Contd..)

Notes:

Description of nature and purpose of each reserve:

1 Security Premium

The amount received in excess of face value of the equity shares is recognised in equity security premium.

2 Retained Earnings

Retained earnings are the profits/losses that the Company has earned till date less any transfer to other reserves, dividends or other distributions to shareholders.

3 Other Comprehensive income

- The fair value change of the equity instruments measured at fair value through other comprehensive income is recognised in equity instruments through Other Comprehensive income.
- The remeasurement gain/(loss) on net defined plan is recognised in Other Comprehensive Income net of Tax

Note - 14: NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

(Rs. in Crore)

Particulars	As at	
	31/03/2023	31/03/2022
Secured		
Term Loans from Banks (Refer note no. 1 to 7 below)	41.67	70.33
Unsecured		
Inter corporate deposits (Refer note no. 8 below)	92.75	92.75
Total	134.42	163.08

Notes:

Sr. No.	Name of promoter	As at 31/03/2023		As at 31/03/2022	
		Non Current	Current	Non Current	Current
1	Term Loan from consortium of banks lead by Bank of Baroda is secured against 1) first pari pasu charge on project assets present and future(including assignment of lease hold right of land) with estimated project cost (excluding working capital margin) of Rs. 264.61 crores on reciprocal basis. 2) Non agriculture land at survey no 289,297 and 291 situated at Dholi integrated Spinning park, village Dholi, Taluka Dholka, Ahmedabad leased for period of 99 years and first paripasu charge by equitable mortgage of factory land and building at Narol, Ahmedabad. 3) Second paripasu charge on entire current assets of the company. 4) Pledge of 10% promoters' holding in the name of Promoter guarantors as on 30th September 2018. i.e 29,92,099 equity shares of the company. As on date 1,34,64,444 equity shares of the promoter. 5) Secured by personal guarantees of promoters namely Mr. Brijmohan D Chiripal, Mr. Ved Prakash Chiripal, Mr. Jyoti Prasad Chiripal and Mr. Jai Prakash Chiripal and by corporate guarantees of M/s Prakash calender Private Limited and M/s Bhushan petrofills private limited.	-	-	69.68	29.43
2	Term loan from consortium of banks lead by Bank of Baroda is repayable in 30 quarterly instalments.				
3	Term loan from State bank of India is repayable in 84 monthly instalment of Rs. 0.12 crore each.				
4	Effective rate of interest is 9.45% p.a to 11.90 % p.a				
5	During the year the loan was repaid. Necessary formliities for release of charge with registrar of companies - Gujarat was done.				

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 14: NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

Sr. No.	Name of promoter	As at 31/03/2023		As at 31/03/2022	
		Non Current	Current	Non Current	Current
6	During the year company has availed Lease Rental Discounting facility of Rs. 50 crore from Bandhan Bank. The same is secured against first charge of assets lying at Narol, Ahmedabad and future lease rental receivable from M/s Texworld Fashion Private Limited.	41.39	7.14	-	-
7	Vehicles Loans are secured by hypothecation of vehicles in favour of Bank and other terms as prescribe by the respective banks. Effective rate of interest is 7.40% to 8.50% p.a	0.28	0.37	0.64	0.34
8	Unsecured Inter corporate deposit is repayable after more then one year. The said loan is interest free.	92.75	-	92.75	-

Notes:

- 1 Refer note no.41 for credit risk, liquidity risk and market risk for current financial liability
- 2 The company has complied few covenants for loan
- 3 As at March 31, 2023, the register of charges of the Company as available in records of the Ministry of Corporate Affairs (MCA) includes charges that were created/modified since the inception of the company.

Note - 15: NON-CURRENT FINANCIAL LIABILITIES - OTHERS

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Creditors for capital expenditure	1.53	4.72
Security deposit for Lease Rental Service	10.00	-
Total	11.53	4.72

Note - 16: NON-CURRENT PROVISIONS

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Provision for employee benefits (Refer note no.36)	2.25	2.38
Total	2.25	2.38

Note - 17: DEFERRED TAX ASSETS/LIABILITIES (Net)

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Deferred Tax Liability		
Property, plant and equipment and investment property	3.04	4.92
Fair value of investments in equity instruments	1.16	0.67
Fair value of investments in Preference instruments	0.46	-
Others	0.45	0.58
Total Deferred Tax Liabilities	5.12	6.17
Deferred Tax Assets		
Fair value of investments in Preference instruments	-	0.21
Others	1.29	-
Total Deferred Tax Assets	1.29	0.21
Total	3.83	5.96

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 18: CURRENT FINANCIAL LIABILITIES - BORROWINGS

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Secured		
Cash credit facility (Refer note no. 1 & 2 below)	100.89	114.05
ECLGS Facility (Emergency Credit Line Guarantee Scheme) (Refer note no. 3 below)	74.59	70.81
Current Maturity of Term Loans (Refer note no. 14)	7.51	29.77
Total	182.99	214.63

Notes :

- The Cash Credit facility and packaging credit facility from banks Rs. 100.89 crore (P.Y 114.05 crore) is secured against first paripasu charge on entire current assets of the company present and future. Second paripasu charge on entire fixed assets of the company. The working capital loan is secured by personal guarantees of promoters namely Mr. Brijmohan D Chiripal, Mr. Ved Prakash Chiripal, Mr. Jyoti Prasad Chiripal and Mr. Jai Prakash Chiripal and by corporate guarantee of M/s Prakash calendar Pvt Ltd and M/s Bhushan petrofills pvt. ltd. and Pledge of 10% promoters' holding in the name of Promoter guarantors as on 30th September 2018. i.e 29,92,099 equity shares of the company. As on date 1,34,64,444 equity shares of the promoter.
- Effective interest rate of cash credit facility is in range of 9.45% to 10.40% p.a (P.Y 9.45% to 10.05%)
- In previous FY 2021-22 the company has taken loan under ECLGS 2.0 facility of 52.69 Cr. Company has taken further loan under ECLGS 2.0 extension facility introduced by Government of India amounting to Rs. 36.45 Cr out of which Rs. 20.51 Cr was disbursed up to March 22 and balance of Rs.15.94 Cr was disbursed up to March 23. Effective rate of Interest is 7.95% p.a. to 9.25% p.a.
- Details submitted to lenders on quarterly basis are in conformity with books of accounts.
- Refer note no.41 for credit risk, liquidity risk and market risk for current financial liability

Note - 19: CURRENT FINANCIAL LIABILITIES - TRADE PAYABLE

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Trade Payables		
- For Micro and Small Enterprises for Goods (Refer note no. 37)	18.12	0.70
- For Micro and Small Enterprises for Services (Refer note no. 37)	0.01	-
- Other than Micro and Small Enterprises	99.64	137.25
Total	117.77	137.95

Note:

- Details of Dues to Micro, Small & Medium Enterprises as defined under MSMED Act, 2006 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. This has been relied upon by the auditors.

Disclosure relating to aging of Trade payable for current and previous year

2022-23

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	18.07	0.06	-	-	-	18.12
Others	14.24	85.24	0.13	-	0.03	99.64
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	32.31	85.30	0.13	-	0.03	117.77

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 19: CURRENT FINANCIAL LIABILITIES - TRADE PAYABLE (Contd..)

2021-22

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	0.54	0.16	-	-	-	0.70
Others	18.73	116.54	0.74	1.09	0.16	137.25
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	19.27	116.70	0.74	1.09	0.16	137.95

Note - 20: OTHER CURRENT LIABILITIES

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Advance received from customers	0.85	0.55
Statutory liabilities	0.81	0.54
Other	2.92	6.84
Total	4.57	7.94

Note - 21: CURRENT PROVISIONS

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Provision for employee Benefits(Refer note no 36)	2.78	4.19
Total	2.78	4.19

Note - 22: CURRENT TAX LIABILITIES (NET)

(Rs. in Crore)

Particulars	As at 31/03/2023	As at 31/03/2022
Income Tax Provision (net)	16.25	2.03
Total	16.25	2.03

Note - 23 : REVENUE FROM OPERATIONS

(Rs. in Crore)

Particulars	2022-23	2021-22
A-Revenue from operations		
Sale of Products (Excluding all Taxes)		
- Finished Goods	1,340.58	1,281.69
- Traded Goods	1.62	6.40
	1,342.20	1,288.09
B-Sale of Services	191.81	253.07
C-Other operating revenues		
- Scrap Sale	4.76	5.60
- Store Sale	5.51	-
- Lease Rental	3.58	-
Total	1,547.86	1,546.76

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 24 : OTHER INCOME

Particulars	(Rs. in Crore)	
	2022-23	2021-22
a-Interest income	0.67	0.97
b-Others	0.74	1.20
c-Gain on fair value of investment in preference shares	2.63	0.92
Total	4.03	3.08

Note:

A) Disaggregated Revenue Information

Set out below is the disaggregation of the company's revenue from contracts with customers:

Segment	(Rs. in Crore)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
	Textiles	Textiles
Type of goods or service		
Sale of manufactured goods		
Textile Products	1,340.58	1,281.69
Sale of traded products		
Textile Products	1.62	6.40
Sale of Services		
Job Work Charges	191.81	253.07
Other Operating Revenue		
Scrap Sale	4.76	5.60
Store Sale	5.51	-
Lease rental	3.58	-
Total revenue from contracts with customers	1,547.86	1,546.76
India	1,547.03	1,545.95
Outside India	0.83	0.82
Total revenue from contracts with customers	1,547.86	1,546.76
Timing of revenue recognition		
Goods transferred at a point in time	-	-
Total revenue from contracts with customers	1,547.86	1,546.76

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

Segment	(Rs. in Crore)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
	Textiles	Textiles
Revenue		
External customer	1,547.86	1,546.76
Inter-segment	-	-
Inter-segment adjustment and elimination	-	-
Total revenue from contracts with customers	1,547.86	1,546.76

Notes to standalone financial statements

for the year ended 31st March, 2023

B) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contract with customers (Rs. in Crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables*	456.42	393.32
Contract liabilities	-	-
Advances from customers (refer note no.22)	0.85	0.55

*Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days.

C) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(Rs. in Crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Revenue as per contracted price	1,567.53	1,561.83
Adjustments		
Discount	19.67	15.06
Revenue from contract with customers	1,547.86	1,546.76

D) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

(Rs. in Crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Advances from customers	0.85	0.55
Total	0.85	0.55

Management expects that the entire transaction price allotted to the unsatisfied contract as at the end of the reporting period will be recognised as revenue during the next financial year.

Note - 25 : COST OF MATERIALS CONSUMED

(Rs. in Crore)

Particulars	2022-23	2021-22
Stock of Raw material and Packing material at the beginning of the year	52.47	30.95
Add: Purchases (net)	1,285.80	1,305.29
Less : Stock of Raw material and Packing material at the end of the year	25.72	52.47
Cost of Raw material Consumed (Including Packaging Materials)	1,312.55	1,283.77

Note - 25A: PURCHASE OF STOCK IN TRADE

(Rs. in Crore)

Particulars	2022-23	2021-22
Stock in trade:		
Chemical	2.13	6.75
Total	2.13	6.75

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 26: CHANGES IN INVENTORIES OF FINISHED GOODS

Particulars	(Rs. in Crore)	
	2022-23	2021-22
Inventories at the beginning of the year:		
Finished goods	28.30	13.55
Total	28.30	13.55
Inventories at the end of the year:		
Finished goods	43.70	28.30
Total	43.70	28.30
Changes in inventories of finished goods	(15.40)	(14.75)

Note - 26A: CHANGES IN INVENTORIES OF STOCK-IN-TRADE AND WORK-IN-PROGRESS

Particulars	(Rs. in Crore)	
	2022-23	2021-22
Inventories at the beginning of the year:		
Work-in-progress	15.76	9.47
Total	15.76	9.47
Inventories at the end of the year:		
Work-in-progress	9.83	15.76
Total	9.83	15.76
Changes in inventories of stock-in-trade and work-in-progress	5.93	(6.29)

Note - 27: EMPLOYEE BENEFITS EXPENSE

Particulars	(Rs. in Crore)	
	2022-23	2021-22
Salaries and wages	60.73	72.03
Contributions to provident and other funds (Refer note no.36)	0.90	1.11
Gratuity (Refer note no.36)	1.24	2.15
Leave Encashment (Refer note no.36)	0.10	1.77
Staff welfare expense	0.33	0.29
Total	63.29	77.36

Note - 28: FINANCE COSTS

Particulars	(Rs. in Crore)	
	2022-23	2021-22
Interest and finance charges on financial liabilities not at fair value through profit or loss	26.61	31.41
Others	10.78	7.27
Less: Interest Capitalised	0.03	0.85
Total	37.35	37.82

Note - 29: DEPRECIATION AND AMORTISATION EXPENSES

Particulars	(Rs. in Crore)	
	2022-23	2021-22
Depreciation on property, plant and equipment (Refer note no.2)	31.55	33.44
Depreciation on Investment Property (Refer note no.2B)	1.87	(Rs. 32015)
Total	33.41	33.44

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 30: OTHER EXPENSES

(Rs. in Crore)

Particulars	2022-23	2021-22
Power and Fuel Expenses	15.57	13.15
Repairs and Maintenance		
To Building	1.75	1.29
To Machinery	2.09	2.01
To Others	2.98	4.34
	6.82	7.64
Insurance Expenses	1.59	1.82
Rates and taxes	0.56	0.76
Payments to auditors	0.17	0.17
Freight and transportation expenses	4.79	2.97
Donation	1.10	0.13
C S R Expenses (Refer note no. 46)	1.17	0.67
Dalali and commission	0.66	0.45
Other expenses	11.27	10.78
Total	43.69	38.54

Details of Payment to Auditors

(Rs. in Crore)

Particulars	2022-23	2021-22
a) Auditor Remuneration		
I) Statutory Audit Fees	0.08	0.08
II) Tax Audit fees	0.05	0.05
III) For Other Services	0.04	0.04
b) Cost Audit Fees	0.01	0.01
Total	0.17	0.17

Note - 31 : TAX EXPENSES

(Rs. in Crore)

Particulars	2022-23	2021-22
Current tax	19.72	25.15
Tax Expense related to Prior Year/paid/written back	(0.47)	0.35
Deferred tax	(3.13)	(1.34)
Total	16.12	24.16

Reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income tax is summarised below:

(Rs. in Crore)

Particulars	2022-23	2021-22
Enacted income tax rate in India applicable to the Company	25.62%	25.62%
Profit before tax	68.94	93.20
Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	17.66	23.88
Tax effect of the amounts which are not deductible/ (taxable) in calculating taxable income		
Other deductible expenses	2.06	1.27
Deferred tax Expense (net)	(3.13)	(1.34)
Tax Expense related to Prior Year/paid/written back	(0.47)	0.35
Total tax expenses	16.12	24.16
Tax Expense related to Prior Year/paid/written back	(0.35)	(0.35)
Current year tax expense	16.47	24.51
Effective tax rate	23.89%	26.30%

Notes to standalone financial statements

for the year ended 31st March, 2023

Note - 31 : TAX EXPENSES

Note:

- In calculation of tax expense for the current year and earlier years, the company had claimed certain deductions as allowable under Income Tax Act, which were disputed by the department and the matter is pending before tax authorities.

Note - 32: STATEMENT OF OTHER COMPREHENSIVE INCOME

Particulars	(Rs. in Crore)	
	2022-23	2021-22
(i) Items that will not be reclassified to profit or loss		
1. Equity Instruments through Other Comprehensive Income	1.91	0.80
2. Remeasurement of defined benefit plans		
Actuarial gains and losses	1.96	1.84
	3.86	2.64
(ii) Income tax relating to these items that will not be reclassified to profit or loss		
Deferred Tax impact on equity instruments through other comprehensive income	(0.49)	(0.20)
Deferred Tax impact on actuarial gains and losses	(0.50)	(0.47)
	(0.99)	(0.68)
Total	2.87	1.96

Note 33

Assets Mortgage/Hypothecated as security

The carrying amount of assets Mortgage/Hypothecated as security for current and non-current borrowings are:

Assets description	(Rs. in Crore)	
	31/03/2023	31/03/2022
First and / or Second charge		
I. Current Financial Assets		
Trade receivables	456.42	393.32
Current Financial Assets - Cash And Cash Equivalents	0.47	0.25
Current Financial Assets - Other Bank Balances	9.15	21.56
II. Current Assets		
Inventories	79.24	96.52
Other Current Assets	34.18	38.59
Investments	-	26.00
Total current assets hypothecated as security	579.47	576.24
First and / or Second charge		
III Property, Plant and Equipment		
A. Plant and equipments	122.69	199.73
B. Freehold land	-	5.26
C. Buildings	39.28	10.37
D. Lease Hold Improvements	10.26	49.48
E. Furniture & Fittings	2.02	2.55
F. Office Equipments	0.31	0.56
G. Vehicles	1.11	1.79
IV. Capital work in progress	9.39	3.29
V. Investment Property (Refer Note No. 2B)	64.52	-
VI. Non Current Financial Assets		
Investment	33.32	23.88
Other Financial Assets	2.35	2.34
VII. Other Non Current Assets	1.61	1.80
Total non-current assets hypothecated as security	286.86	301.05
Total Assets hypothecated as Security	866.33	877.28

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 34

Contingent assets / liabilities not provided for in accounts :

Contingent liabilities :

(Rs. in Crore)

Sr. No.		As at	
		31/03/2023	31/03/2022
A	Claims against the company not acknowledged as debt		
1	Estimated amount of contracts, remaining to be executed, on capital account (net off payment)	1.29	1.79
2	For letters of credit (net off Margin)	2.00	0.27
3	For bank guarantee (net off Margin)	2.46	3.15
4	Corporate Guarantee Given	2.97	2.97
B	Others	0.49	0.39

Notes:

- The company has reviewed all its pending litigations and proceedings and has adequately provided where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The company does not expect the outcome of these proceedings to have materially adverse effect on its financial position. The company does not expect any reimbursement in respect of the above contingent liabilities.
- The company has signed First Loss Default Guarantee in favour of State Bank of India against EDFs facility provided by bank to our customer. The liability of the company will arise only when customers make default in repayment of EDFs facility provided by bank. Outstanding as on 31st March, 2023 all customer collectively has outstanding of Rs. 18.91 Cr against EDFs facility.
- The Income Tax Department ("the Department") conducted a Search activity ("the Search" under Section 132 of the Income Tax Act on the Company in July 2022. Subsequently, the Company has provided all support and cooperation and the necessary documents and data to the Department, as requested by the Department. The Company is examining and reviewing details of the matter and will take appropriate actions, including addressing regulatory actions, if and when they occur.

While the uncertainty exists regarding the outcome of the proceedings by the department, the Company after considering all available information and facts as of date, has not identified the need for any adjustments to the current or prior period financial statements.

Note 35

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. The Company's chief operating decision maker (CODM) is considered to be the Company's Managing Director (MD). The Company is engaged in the business of Production of Yarn and Processing of Fabric which are widely used in Textile Unit. Information reported to and evaluated regularly by the CODM for the purposes of resource allocation and assessing performance focuses on the business as a whole and accordingly, in the context of Operating Segment as defined under the Indian Accounting Standard 108 'Segment Information', there is no separate reportable segment.

(Rs. in Crore)

Name of promoter	As at 31st March, 2023			As at 31st March, 2022		
	India	Outside India	Total	India	Outside India	Total
Revenue from operations*						
External	1,547.03	0.83	1,547.86	1,545.95	0.82	1,546.76
Internal Segment	-	-	-	-	-	-
Total Revenue	1,547.03	0.83	1,547.86	1,545.95	0.82	1,546.76

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 35 (Contd..)

(Rs. in Crore)

Name of promoter	As at 31st March, 2023			As at 31st March, 2022		
	India	Outside India	Total	India	Outside India	Total
Other Information**						
Carrying cost of segment non current assets@	287.22	-	287.22	301.25	-	301.25
carrying cost of segment assets	866.69	-	866.69	877.50	-	877.50
Addition to property plant and equipment including intangible assets	4.38	-	4.38	58.95	-	58.95

Note:

* Based on location of customer

**Based on location of assets

@ Excluding financial assets, and deferred tax assets

None of the entity's external customer account for 10 per cent or more of an entity's revenue

Note 36

Employment Benefit Plans

The company operates post employment and other long term employee benefits defined plans as follows:

I. Defined Contribution plan

Contribution to Defined Contribution Plan, recognised as expenses for the year are as under:

(Rs. in Crore)

Particulars	2022-23	2021-22
Employer's Contribution to Provident Fund	0.90	1.11

II. Defined Benefit Plan

The employee's gratuity fund scheme managed by a Trust is defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service to build up the final obligation. The obligation for leave encashment is recognised in the same manner as for gratuity.

(Rs. in Crore)

Description	31/03/2023		31/03/2022	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
A. Reconciliation of opening and closing balances of Defined Benefit obligation				
a. Obligation as at the beginning of the year	5.19	1.02	5.68	0.14
b. Current Service Cost	0.81	0.73	1.11	1.09
c. Interest Cost	0.23	0.04	0.29	0.01
d. Actuarial Gain/(Loss)	(1.96)	0.04	(1.85)	(0.06)
e. Benefits Paid	(0.05)	(0.01)	(0.04)	(0.16)
f. Past Service Cost	-	-	-	-
g. Obligation as at the end of the year	4.23	1.81	5.19	1.02
B. Reconciliation of opening and closing balances of fair value of plan assets				
a. Fair Value of Plan Assets as at the beginning of the year	0.72	-	0.40	-
b. Expected return on Plan Assets	0.05	-	0.02	-
c. Actuarial Gain/(Loss)	(0.00)	-	-	-
d. Employer's Contributions	0.29	-	0.33	-
e. Benefits Paid	(0.05)	-	(0.04)	-
f. Fair Value of Plan Assets as at the end of the year	1.02	-	0.71	-

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 36 (Contd..)

(Rs. in Crore)

Description	31/03/2023		31/03/2022	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
C. Reconciliation of fair value of assets and obligation				
a. Fair Value of Plan Assets as at the end of the year	1.02	-	0.71	-
b. Present Value of Obligation as at the end of the year	4.23	1.81	5.19	1.02
c. Amount recognised in the Balance Sheet	3.21	1.81	4.48	1.02
D. Investment Details of Plan Assets				
Bank balance	-	-	-	-
Invested with Life Insurance Corporation of India	1.02	-	0.42	-
E. Actuarial Assumptions				
a. Discount Rate (per annum)	7.30% to 7.50%	7.30% to 7.50%	5.15% to 7.25%	5.15% to 7.25%
b. Estimated Rate of return on Plan Assets (per annum)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
c. Rate of escalation in salary (per annum)	6.00%	6.00%	5.00% to 6.00%	5.00% to 6.00%
F. Expenses recognised during the year				
Expenses recognised during the year				
(i). Current Service Cost	0.81	0.73	1.11	1.09
(ii). Interest Cost	0.23	0.04	0.29	0.01
(iii). Expected return on Plan Assets	(0.05)	-	(0.03)	-
(iv). Actuarial Gain/(Loss)	(1.96)	0.04	(1.85)	(0.06)
(v). Past Service Cost	-	-	-	-
(vi). Expense recognised during the year	(0.97)	0.80	(0.48)	1.04

Notes:

- The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.
- The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for management of plan assets.

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Rs. in Crore)

Particulars	31/03/2023			
	Increase		Decrease	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate (0.5% movement)	4.13	1.79	4.35	1.84
Salary growth rate (0.5% movement)	4.35	1.84	4.13	1.79

(Rs. in Crore)

Particulars	31/03/2023			
	Increase		Decrease	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate (0.5% movement)	5.08	1.01	5.32	1.03
Salary growth rate (0.5% movement)	5.32	1.03	5.09	1.01

Note:

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note -37

Due to Micro, Small and Medium Enterprises

Under the Micro Small and Medium Enterprises Development Act, 2006, (MSMED) which came in to force from 02.10.2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management, outstanding dues to the Micro and Small enterprise as defined in the MSMED Act, 2006 are disclosed as below :

Particulars	As at	
	31/03/2023	31/03/2022
Principal amount remaining unpaid to any supplier as at the year end	18.12	0.70
Interest due thereon	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during year.	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED.	-	-
Amount of interest accrued and remaining unpaid at the end of accounting year	-	-

Note 38

Related party disclosures as per Ind AS 24

The names of related parties with relationship to whom transactions have taken place during the year:

I. Relationship:

A. Shareholders / Promoters having control over the company

Sr.no.	Name
1	Brijmohan D Chiripal
2	Jyotiprasad D Chiripal
3	Vedprakash D Chiripal
4	Jayprakash D Chiripal

B. Entities over which Shareholders exercise control

Sr.no.	Name of the entity
1	Chiripal Textile Mills Private Limited
2	Dholi Spintex Private Limited
3	Hunky Dory Travel Private Limited
4	Nandan Industries Private Limited
5	Nandan Terry Limited
6	Nova Textile Private Limited
7	Deepak Impex Private Limited
8	Quality Exim Private Limited
9	Shanti Education Initiatives Limited
10	Bhavana Textiles Private Limited
11	Grew Renewables Private Limited (w.e.f. 31st March, 2022)

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 38 (Contd..)

C. Entities over which Shareholders has Significant Influence

Sr.no.	Name of the entity
1	Chiripal Chartable Trust
2	Chiripal Industries Limited
3	Dholi Integrated Spinning Park Limited
4	Vraj Integrated Textile Park Limited
5	Nandan Denim Limited
6	Narol Textile Infrastructure & Inviro Management
7	Prakash Calender Private Limited

D. Key Management Personnel:

Sr.no.	Particulars	Designation
1	Brijmohan D Chiripal	Managing Director
2	Amit Kadmawala	Whole Time Director (Up to 7Th November, 2022)
3	Pramodkumar Sharma	Whole Time Director (From 8th August, 2022)
4	Ravindrakumar Bajaj	Whole Time Director
5	Shubhnkar Jha	Non Executive Director
6	Dhara Shah	Non Executive Director
7	Susanta Kumar Panda	Non Executive Director (From 1st June, 2021)
8	Vinay Thadani	Chief Financial Officer (Till 19Th May, 2022)
9	Vinay Thadani	Chief Executive Officer (From 19Th May, 2022)
10	Dharmesh Dattani	Chief Financial Officer (From 8Th August, 2022)
11	Nikhil Vadera	Company Secretary (Up to 14th November, 2022)
12	Pooja Dhruve	Company Secretary (From 10th February, 2023)

E. Relatives of Key Management Personnel

List of Relatives of Key Management Personnel with whom transactions done during the said financial year:

Akshita Chiripal

F. Key Management Personnel compensation:

Particulars	(Rs. in Crore)	
	2022-23	2021-22
Short-term employee benefits	0.47	0.41
Long-term post employment benefits	(Rs. 17437)	0.40
Total compensation	0.47	0.82

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 38 (Contd..)

II. The following transactions were carried out with the related parties referred in above in the ordinary course of business (excluding reimbursement):

B. Entities over which Shareholders exercise control

(Rs. in Crore)

Particulars	2022-23	2021-22
1 Sale of goods/services	21.65	43.24
Nandan Industries Private Limited	1.02	15.54
Nandan Terry Limited	2.57	2.84
Nova Textile Private Limited	4.53	0.97
Bhavana Textiles Private Limited	-	0.64
Chiripal Textile Mills Private Limited	2.82	5.51
Dholi Spintex Private Limited	3.35	3.29
Quality Exim Private Limited	7.36	14.46
2 Purchase of materials/services	120.58	133.98
Dholi Spintex Private Limited	5.32	-
Hunky Dory Travel Private Limited	0.10	0.45
Shanti Education Initiatives Limited	0.10	0.04
Nandan Terry Limited	0.38	3.96
Nandan Industries Private Limited	0.19	-
Quality Exim Private Limited	0.06	-
Nova Textile Private Limited	57.32	125.12
Deepak Impex Private Limited	51.01	4.11
Bhavana Textiles Private Limited	0.36	0.30
Grew Renewables Private Limited	4.64	-
Chiripal Textile Mills Private Limited	1.10	-
3 Net closing balance - debit	-	2.57
4 Net closing balance - credit	3.81	-

C. Entities over which Shareholders has Significant Influence

(Rs. in Crore)

Particulars	2022-23	2021-22
1 Purchase of materials	13.50	9.41
Chiripal Industries Limited	0.87	7.13
Dholi Integrated Spinning Park Limited	1.06	0.48
Vraj Integrated Textile Park Limited	1.64	-
Nandan Denim Limited	7.59	0.16
Narol Textile Infrastructure & Inviro Management	2.34	1.65
2 Sale of goods/services	0.63	(Rs. 2895)
Nandan Denim Limited	0.63	(Rs. 2895)
3 Guarantee Commission	0.01	0.01
Prakash Calender Private Limited	0.01	0.01
4 Donation	0.46	0.50
Chiripal Charitable Trust	-	0.50
Milestone Educom Trust	0.46	-
5 Net closing balance - debit	-	1.80
6 Net closing balance - credit	0.73	-

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 38 (Contd..)

D. Key Management Personnel

Particulars	(Rs. in Crore)	
	2022-23	2021-22
1 Remuneration		
Salary and Allowances	2.87	2.43
Brijmohan D Chiripal	1.56	1.41
Amit Kadmawala	0.06	0.09
Shubhankar Jha	0.01	0.01
Dhara Shah	0.01	0.01
Susanta Kumar Panda	0.01	0.01
Ravindrakumar Bajaj	0.31	0.42
Pramodkumar Sharma	0.05	-
Vinay Thadani	0.59	0.41
Dharmesh Dattani	0.21	-
Bhargav Vyas	-	0.04
Nikhil Vadera	0.05	0.03
Pooja Dhruve	0.01	-

E. Relatives of Key Management Personnel

Particulars	(Rs. in Crore)	
	2022-23	2021-22
1 Remuneration		
Akshita Chiripal	-	0.87

III. Terms and conditions

A. Goods were sold during the year based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions at market rates. All outstanding balances are unsecured and are repayable in cash and bank.

B. Disclosure is made in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 39

Financial instruments – Fair values and risk management

I. Accounting classification and fair values

(Rs. in Crore)

31/03/2023	Carrying amount				Carrying amount			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 Quoted price in active markets	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
Financial assets measured at each reporting date								
Investments								
Listed equity instruments	-	0.02	-	0.02	0.02	-	-	0.02
Unquoted equity instruments	-	17.35	-	17.35	-	-	17.35	17.35
Unquoted preference instruments	15.95	-	-	15.95	-	-	15.95	15.95
Unquoted investment in mutual funds	-	-	-	-	-	-	-	-
Financial assets measured at amortised cost								
Other non current financial assets	-	-	2.35	2.35	-	-	-	2.35
Other non current assets	-	-	1.61	1.61	-	-	-	1.61
Trade receivables	-	-	456.42	456.42	-	-	-	456.42
Cash and cash equivalents	-	-	0.47	0.47	-	-	-	0.47
Other bank balances	-	-	9.15	9.15	-	-	-	9.15
Other financial current assets	-	-	34.18	34.18	-	-	-	34.18
Total Financial Assets	15.95	17.37	504.18	537.50	0.02	-	33.30	537.50
Financial liabilities measured at amortised cost								
Non current borrowings	-	-	134.42	134.42	-	-	-	134.42
Current borrowings	-	-	182.99	182.99	-	-	-	182.99
Trade payables	-	-	117.77	117.77	-	-	-	117.77
Other financial liabilities	-	-	-	-	-	-	-	-
Total Financial Liabilities	-	-	435.18	435.18	-	-	-	435.18

(Rs. in Crore)

31/03/2022	Carrying amount				Carrying amount			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 Quoted price in active markets	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
Financial assets measured at each reporting date								
Investments								
Listed equity instruments	-	0.04	-	0.04	0.04	-	-	0.04
Unquoted equity instruments	-	10.52	-	10.52	-	-	10.52	10.52
Unquoted preference instruments	13.32	-	-	13.32	-	-	13.32	13.32
Unquoted investment in mutual funds	26.00	-	-	26.00	26.00	-	-	26.00
Financial assets measured at amortised cost								
Other non current financial assets	-	-	2.34	2.34	-	-	-	2.34
Other non current assets	-	-	1.80	1.80	-	-	-	1.80
Trade receivables	-	-	393.32	393.32	-	-	-	393.32
Cash and cash equivalents	-	-	0.25	0.25	-	-	-	0.25
Other bank balances	-	-	21.56	21.56	-	-	-	21.56
Other financial current assets	-	-	38.59	38.59	-	-	-	38.59
Total Financial Assets	39.32	10.56	457.86	507.74	26.04	-	23.84	507.74

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 39 (Contd..)

(Rs. in Crore)

31/03/2022	Carrying amount				Carrying amount			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1 Quoted price in active markets	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	Total
Financial liabilities measured at amortised cost								
Non current borrowings	-	-	163.08	163.08	-	-	-	163.08
Current borrowings	-	-	214.63	214.63	-	-	-	214.63
Trade payables	-	-	137.95	137.95	-	-	-	137.95
Other financial liabilities	-	-	-	-	-	-	-	-
Total Financial Liabilities	-	-	515.66	515.66	-	-	-	515.66

Notes:

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements described below:

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

Level 2 : Inputs other than the quoted prices included withing Level 1 that are observable for the asset or liability, either directly or indirectly.

II. Fair value of financial assets and liabilities measure at amortised cost

(Rs. in Crore)

Description	31/03/2023		31/03/2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Other non current financial assets	33.32	33.32	23.88	23.88
Total financial assets	33.32	33.32	23.88	23.88
Financial liabilities				
Non current borrowings	134.42	134.42	163.08	163.08
Total financial liabilities	134.42	134.42	163.08	163.08

Notes:

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

- 1) The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other bank balance, other current financial liability, loans and other current assets are considered to be the same as their fair values, due to their short-term nature.
- 2) The fair values for loans and security deposits were calculated based on cash flows discounted using a current lending rate.
- 3) The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate.

III. Measurement of fair values

A. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 39 (Contd..)

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
FVTOCI in unquoted equity shares	<p>Market comparison technique: The valuation model is based on two approaches :</p> <ol style="list-style-type: none"> Asset approach - seek to determine the business value based on the value of it's assets. The aim is to determine the business value based on the fair market value of its assets less its liabilities. The asset approach is based on the economic principle of substitution which adopts the approach of cost to create another business similar to one under consideration that will produce the same economic benefits for its owners. Market approach - relies on signs from the real market place to determine what a business is worth. The market approach based valuation methods establish the business value in comparison to similar businesses. The methods rely on the pricing multiples which determine a relationship between the business economic performance, such as its revenues or profits, and its potential selling price. <p>The valuation has been made considering the following weightage to the above approaches:</p> <p>Asset approach : 70% Market approach : 30%</p>	Comparable unobservable entity has been taken as a base for the valuation of unquoted equity shares	The estimated fair value would increase (decrease) if: There is a change in pricing multiple owing to change in earnings of the entity.

B. Transfers between Levels 1 and 2

There have been no transfers between Level 1 and Level 2 during the reporting periods

2. Sensitivity analysis

For the fair values of unquoted investments, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects.

(Rs. in Crore)

Significant observable inputs	31/03/2023		31/03/2022	
	Profit & Loss Account		Profit & Loss Account	
	Increase	Decrease	Increase	Decrease
Unquoted equity instruments measured through OCI				
5% movement	0.63	0.63	0.53	0.53

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 39 (Contd..)

(Rs. in Crore)

Significant observable inputs	31/03/2023		31/03/2022	
	Other Comprehensive Income		Other Comprehensive Income	
	Increase	Decrease	Increase	Decrease
Unquoted Mutual Fund instruments measured through Profit and Loss account				
1% movement	-	-	0.26	0.26
Unquoted preference instruments measured through profit and Loss account				
5% movement	0.80	0.80	0.67	0.67

Note 40

Financial risk management

The company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

1. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company,

2. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

The maximum exposure to credit risk for trade and other receivables are as follows:

A. Trade receivables

The Company has developed guidelines for the management of credit risk from trade receivables. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, management believes that

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 40 (Contd..)

the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

Other financial assets

This balance primarily constitute of Bank fixed deposits having maturity of more than 12 months.

Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk. Also, no impairment loss has been recorded in respect of fixed deposits that are with recognised commercial banks and are not past due

A.1. Impairment

At March 31, 2022, the ageing of trade and other receivables that were not impaired was as follows.

(Rs. in Crore)

Name of promoter	Carrying amount					
	31/03/2023			31/03/2022		
	Gross	Provision	Net	Gross	Provision	Net
Not Due	305.31	-	305.31	256.96	-	256.96
Less than 6 months	132.58	-	132.58	122.37	-	122.37
6months to 1 year	1.46	-	1.46	2.85	-	2.85
1-2 years	4.45	-	4.45	0.94	-	0.94
2-3 years	0.90	-	0.90	5.66	-	5.66
More than 3 years	11.86	-	11.86	4.54	-	4.54
	456.56	-	456.56	393.32	-	393.32
% of expected credit losses (More than 365 days)			-			-

The above receivables which are past due but not impaired are assessed on individual case to case basis and relate to a number of independent third party customers from whom there is no recent history of default. These financial assets were not impaired as there had not been a significant change in credit quality and the amounts were still considered recoverable based on the nature of the activity of the customer portfolio to which they belong and the type of customers. There are no other classes of financial assets that are past due but not impaired except for Trade receivables as at 31.03.2023 and 31.03.2022

Note 41

Financial instruments – Fair values and risk management

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has current financial assets which the management believes is sufficient to meet all its liabilities maturing during the next 12 months.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, including contractual interest.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 41 (Contd..)

B. The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	(Rs. in Crore)	
	As at 31/03/2023	As at 31/03/2022
Fund Base	77.11	45.95
Expiring within one year (bank overdraft and other facilities)		
Non Fund Base	9.56	8.59
Expiring within one year		

C. Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31/03/2023	Carrying amount	Less than 12 months	1-2 years	3-5 years	More than 5 years	(Rs. in Crore)
						Total
Financial liabilities						
Non current borrowings	134.42	11.85	21.09	118.94	13.60	165.48
Current borrowing	100.89	100.89	-	-	-	100.89
ECLGS Facility	74.59	20.62	24.52	40.13	1.98	87.25
Trade payable	117.77	117.77	-	-	-	117.77
Other current financial liabilities includes interest	-	-	-	-	-	-

31/03/2022	Carrying amount	Less than 12 months	1-2 years	3-5 years	More than 5 years	(Rs. in Crore)
						Total
Financial liabilities						
Non current borrowings	163.08	34.84	31.25	104.83	-	170.92
Current borrowing	114.05	114.05	-	-	-	114.05
ECLGS Facility	70.81	32.79	20.22	58.61	8.00	119.62
Trade payable	137.95	137.95	-	-	-	137.95
Other current financial liabilities includes interest	-	-	-	-	-	-

Note 42

Financial instruments – Fair values and risk management

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 42 (Contd..)

A. Currency risk

The functional currency of the Company is Indian Rupee. The Company is exposed to currency risk on account of payables and receivables in foreign currency. The company has formulated policy to meet the currency risk.

company does not use derivative financial instruments for trading or speculative purposes.

1. Foreign Currency Exposure

Particulars	Currency	(Rs./ FC in Crore)	
		31/03/2023	31/03/2022
a) Against export	USD	0.01	-
	INR	0.50	-
b) Net statement of financial exposure	USD	0.01	-
	INR	0.50	-

2. Sensitivity

Profit or loss is sensitive to higher/lower changes in fluctuation currency rate:

As on 31.03.2023 Particulars	(Rs. in Crore)	
	Impact on profit before tax Increase	Decrease
Currency rates (5% increase/ decrease) USD	0.03	0.03

As on 31.03.2023 Particulars	(Rs. in Crore)	
	Impact on profit before tax Increase	Decrease
Currency rates (5% increase/ decrease) USD	-	-

B. Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The company adopts a policy to ensure that maximum interest rate exposure is at a fixed rate. This is achieved by entering into fixed-rate instruments.

1. Exposure to interest rate risk

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	(Rs. in Crore)	
	31/03/2023	31/03/2022
Fixed-rate instruments		
Financial assets	11.50	23.90
Financial liabilities	-	-
Total	11.50	23.90
Variable-rate instruments		
Financial liabilities	317.41	377.71
Total	317.41	377.71

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 42 (Contd..)

As at the end of the reporting period, the company had the following variable rate borrowings outstanding:

As on 31.03.2023		(Rs. in Crore)
		Bank loans
Weighted average interest rate		9.50%
Balance (Rs. in crore)		317.41
% of total loans		100.00%

As on 31.03.2022		(Rs. in Crore)
		Bank loans
Weighted average interest rate		10.25%
Balance (Rs. in crore)		377.71
% of total loans		100.00%

2. Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates:

As on 31.03.2023 Particulars	Impact on profit before tax	
	Decrease	Increase
Interest rates (0.50% increase/ decrease)	1.59	1.59

As on 31.03.2023 Particulars	Impact on profit before tax	
	Decrease	Increase
Interest rates (0.50% increase/ decrease)	1.89	1.89

3. Fair value sensitivity analysis for fixed-rate instruments

The company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not have any designate derivatives (interest rate swaps). Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Note 43

Disclosure relating to various ratios

Sr. No.	Ratio Name	Particulars	Ratio 2022-23	Ratio 2021-22	% of Variance	Reason for Variance
1	Current Ratio (In times)	Current Assets Current Liability	1.79	1.57	13.70	NA
2	Debt Service Coverage Ratio (In times)	EBIDTA (Interest+Repayment)	1.33	3.86	-65.55	Substantial Debt has been repaid during the year
3	Inventory Turnover Ratio (In times)	Sales Average Inventory	17.61	19.88	-11.39	NA
4	Trade Payable Turnover Ratio (In times)	Net Purchase Average Trade Payable	10.09	9.98	1.14	NA
5	Net Profit Ratio (In %)	Net Profit Net Sales	3.41	4.46	-23.55	NA

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 43 (Contd..)

Sr. No.	Ratio Name	Particulars	Ratio 2022-23	Ratio 2021-22	% of Variance	Reason for Variance
6	Debt-Equity Ratio (In times)	Total Debt Total Shareholder Equity	0.81	1.13	-27.96	Substantial Debt has been repaid during the year
7	Return on Equity ratio (In %)	Net Income Average Shareholder's Equity	14.57	23.04	-36.76	Due to reduction in net income
8	Trade Receivable Turnover Ratio (In times)	Net Sales Average Trade Receivable	3.64	4.11	-11.25	NA
9	Net Capital Turnover Ratio (In times)	Net Sales Working Capital	6.07	7.38	-17.82	NA
10	Return on Capital Employed Ratio (In %)	EBIT Capital Employed	14.94	18.24	-18.11	NA
11	Return on Investment (In %)	Refer Note no. 1 below	39.52	7.72	411.68	Due to increase in Fair Value of Non Current Investments

Note:

$$(MV(T1) - MV(T0) - \sum [C(T)])$$

$$(MV(T0) + \sum [W(T) * C(T)])$$

Where,

T1 = End of time period

T2 = Beginning of time period

T = Specific date falling between T1 and T0

MV(T1) = Market value at T1

MV(T0) = Market value at T0

C(t) = Cash inflow, Cash outflow on specific date

W(T) = Weight of net cash flow (i.e. either net inflow or outflow) on day 'T'; Calculated as $[T1 - T]/T1$

Note 44

Capital management

"For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise 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. 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 plus net debt. The Company includes within net debt, borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations

(Rs. in Crore)

	As at	
	31/03/2023	31/03/2022
Total Liabilities	476.38	542.89
Less : Cash and bank balances	9.62	21.81
Adjusted net debt	466.76	521.08
Total equity	390.30	334.61
Adjusted net debt to adjusted equity ratio	1.20	1.56

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 44 (Contd..)

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

Note 45

Earnings per share

(Rs. in Crore)

Particulars	[Number of shares]	
	31/03/2023	31/03/2022
Issued equity shares	197610003	197610003
Weighted average shares outstanding - Basic and Diluted - A	197610003	197610003

Net profit available to equity holders of the Parent Company used in the basic and diluted earnings per share was determine as follows:

(Rs. in Crore)

Particulars	31/03/2023	31/03/2022
Profit and loss after tax	52.82	69.04
Profit and loss after tax for EPS - B	52.82	69.04
Basic Earnings per share [B/A] [Rs.]	2.67	3.49
Diluted Earnings per share [B/A] [Rs.]	2.67	3.49

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity.

Note 46

Expenditure on corporate social responsibility activities

The details of corporate social responsibility as prescribed under section 135 of the Companies Act, 2013 is as follows:

(Rs. in Crore)

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
I. Amount required to be spent by the company during the year	1.17	0.67
II. Amount spent by the company during the year on:		
a) Construction/acquisition of any assets	-	-
b) For purpose other than (a) above	1.17	0.67
III. Shortfall at the end of the year	-	-
IV. Total of previous year shortfall	-	-
V. Reason of Shortfall	NA	NA

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 46 (Contd..)

- VI. Nature of CSR activities - To promoting education, employment enhancing vocation skills especially among children and women.
- VII. The company used F.Y. 2020-21 balance amount of Rs. 0.30 Cr as current year CSR expenses and during the last year the company used F.Y. 2020-21 balance amount of Rs. 0.05 Cr as CSR expenses.
- VIII. The company does not carry any provision for corporate Social Responsibility expenses for current year and previous year.

Note 47

No transaction to report against the following disclosure required as notified by MCA pursuant to amended Schedule III:

- a) Crypto Currency or Virtual Currency
- b) Benami property held under Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder
- c) Related to borrowed funds:
 - I. Wilful defaulter
- d) The company has no transaction with company struck-off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- e) As the company has no holding or subsidiary company, requirement with respect to number of layers prescribed under clause 87 of sub section 2 of the Companies Act, 2013 read with companies (restriction on number of layers) rules, 2017 is not applicable

Note 48

The company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether records in writing or otherwise) that the Company shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

Note 49

Figures have been presented in 'crore' of rupees with two decimals. Figures less than Rs. 50,000 have been shown at actual in brackets

Notes to standalone financial statements

for the year ended 31st March, 2023

Note 50

The financial statements are approved by the audit committee and Board of Directors at its meeting held on 16th May, 2023. The said financial statements are subject to approval of Share Holders in Annual General Meeting.

Note 51

Company has given guarantees during the year and in previous year and disclosure under section 186(4) of the companies Act 2013 is given below.

Particulars	(Rs. in Crore)	
	2022-23	2021-22
Corporate guarantee given to Narol Textile Infrastructure & Inviro Management for Common Effluent Treatment Plant (CETP) and balance at the year end	2.97	2.97

Significant Accounting Policies 1

The accompanying Notes 2 to 51 are integral part of the Financial Statements.

As per our report of even date
For **Nahta Jain and Associates**
Chartered Accountants
Firm Registration No: 106801W

For and on behalf of the Board of Directors of **Vishal Fabrics Limited**
CIN : L17110GJ1985PLC008206

Gaurav Nahta
Partner
Membership No.: 116735

Brijmohan Chiripal
Managing Director
DIN : 00290426

Dharmesh Dattani
Chief Financial
Officer

Pooja Dhruve
Company
Secretary
Mem No. A48396

Ravindrakumar Bajranglal Bajaj
Whole-Time Director
DIN : 08243855

Place: Ahmedabad
Date: 'May 16,2023

Place: Ahmedabad
Date: 'May 16,2023



VISHAL FABRICS LIMITED

CIN: L17110GJ1985PLCOO8206

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