



**Ref. VAL:SCY:SEP:2019-20**

**Dated: 6-Sep-2019**

The National Stock Exchange of India Ltd,  
"Exchange Plaza, Bandra-Kurla Complex,  
Bandra (East),  
MUMBAI-400 051  
**Scrip Code: VARDHACRLC**

Dear Sir,

**SUB: ANNUAL REPORT (F.Y. 2018-19) OF THE COMPANY, NOTICE CONVENING 29<sup>TH</sup> ANNUAL GENERAL MEETING, BOOK CLOSURE DATES & E-VOTING INFORMATION**

Pursuant to applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform you that the 29<sup>th</sup> Annual General Meeting ('AGM') of the members of the Company will be held on Monday, 30<sup>th</sup> September, 2019 at 12:00 noon at Registered Office of the Company, Vardhman Premises, Chandigarh Road, Ludhiana-141010, Punjab, India.

The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 20<sup>th</sup> September, 2019 to Monday, 30<sup>th</sup> September, 2019 (both days inclusive) for the purpose of AGM and dividend. The dividend, if declared at the Annual General Meeting, will be paid or warrants thereof despatched within a week from the conclusion of the Annual General Meeting.

Further, the Company has fixed Monday, 23<sup>rd</sup> September, 2019 as the cut-off date to ascertain the eligibility of members entitled to cast their vote electronically on all the resolutions to be passed at the AGM. The same cut-off date would also ascertain the members, who do not cast their vote electronically and wish to cast their vote physically at the ensuing AGM. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility. The e-voting schedule is as under:

Commencement of e-voting	September 27, 2019 (09:00 am onwards)
End of e-voting	September 29, 2019 (upto 05:00 pm)



# Vardhman

Delivering Excellence. Since 1965.

## VARDHMAN ACRYLICS LIMITED

CHANDIGARH ROAD  
LUDHIANA-141010, PUNJAB  
T: +91-161-2228943-48  
F: +91-0161-2601048, 2220766  
E: secretarial.lud@vardhman.com

Pursuant to Regulation 34(1) of the Listing Regulations, please find enclosed the Annual Report (F.Y. 2018-19) alongwith the Notice convening the 29<sup>th</sup> AGM of the Company. The said documents are also available on the website of the Company at [www.vardhman.com](http://www.vardhman.com).

Kindly note and display the notice on your notice board for the information of the members of your exchange and general public.

Thanking you,

Yours faithfully,  
For VARDHMAN ACRYLICS LIMITED

(SATIN KATYAL)  
Company Secretary

YARNS | FABRICS | THREADS | GARMENTS | FIBRES | STEELS



**Vardhmān**

**Vardhman Acrylics Limited**

**29<sup>th</sup>  
Annual Report  
2018-19**





**BOARD OF DIRECTORS**

Mr. Shri Paul Oswal  
 Mr. Bal Krishan Choudhary  
 Mr. Sachit Jain  
 Mr. Darshan Lal Sharma  
 Mr. Munish Chandra Gupta  
 Mr. Sanjit Paul Singh  
 Mr. Surinder Kumar Bansal  
 Mrs. Apinder Sodhi

*Chairman*  
*Managing Director*  
*Director*  
*Director*  
 Independent *Director*  
 Independent *Director*  
 Independent *Director*  
 Independent *Director*

**CHIEF FINANCIAL OFFICER**

Mr. Vivek Gupta

**COMPANY SECRETARY**

Mr. Satin Katyal

**AUDITORS**

M/s. SCV & Co., LLP  
 Chartered Accountants

**BANKERS**

ICICI Bank Limited  
 Kotak Mahindra Bank Limited  
 HDFC Bank Limited

**REGISTRAR AND TRANSFER AGENT**

M/s. MCS Share Transfer Agent Limited  
 Mumbai

**REGISTERED & CORPORATE OFFICE**

Vardhman Premises, Chandigarh Road,  
 Ludhiana-141 010  
 Phones: (0161) 2228943-48  
 Fax: (0161) 2601048  
 E-mail: secretarial.lud@vardhman.com  
 Web site: www.vardhman.com  
**CIN:** L51491PB1990PLC019212  
**PAN:** AAACV7602E

**BUSINESS OFFICE**

1st Floor, Palm Court,  
 Opposite Management Development Institute,  
 MG Road, Sector 16,  
 Gurugram-122 001

**WORKS**

755, GIDC, Jhagadia Mega Estate,  
 Jhagadia-393 110  
 Distt. Bharuch (Gujarat)

CONTENTS	
Notice.....	2-7
Directors' Report .....	8-23
Corporate Governance Report .....	24-33
Independent Auditors' Report .....	34-39
Balance Sheet .....	40
Statement of Profit and Loss .....	41
Cash Flow Statement .....	42
Statement of Changes in Equity .....	43
Notes to Financial Statements .....	44-79

## NOTICE

NOTICE is hereby given that the **TWENTY NINTH ANNUAL GENERAL MEETING** of members of Vardhman Acrylics Limited will be held on Monday, the 30<sup>th</sup> day of September, 2019 at 12:00 noon at the Registered Office of the Company situated at Chandigarh Road, Ludhiana, to transact the following business:-

### ORDINARY BUSINESS:

#### Item No. 1 – Adoption of Financial Statements

To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2019 together with Report of Board of Directors and Auditors thereon.

#### Item No. 2 – Declaration of Dividend

To declare a dividend of ₹ 2.50 per equity share for the year ended March 31, 2019.

#### Item No. 3 – Appointment of Mr. Sachit Jain as a director liable to retire by rotation

To appoint a Director in place of Mr. Sachit Jain (DIN: 00746409), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### Item No. 4 - To re-appoint Mr. B.K. Choudhary as the Managing Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:-

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, Mr. B.K. Choudhary (DIN: 00307110), be and is hereby re-appointed as Managing Director of the Company, not liable to retire by rotation, for a period of five years w.e.f. 1<sup>st</sup> April 2019, at a remuneration as detailed below :-

Sr. No.	REMUNERATION	DETAILS
I.	Basic Salary	Monthly salary within the range of ₹ 3,50,000/- to ₹ 5,00,000/- as may be decided by the Nomination and Remuneration Committee from time to time.
II.	Commission	Commission equal to 1% of the Net Profit of the Company, subject to maximum of 100% of the Annual Basic Salary.

III.	Perquisites*	Perquisites including allowances in such form and to such extent as may be decided by the Nomination and Remuneration Committee subject to a ceiling of annual salary. The perquisites may include, but are not limited to, house rent allowance, use of Company's car with driver (for official and personal use), telephone expenses (for official and personal use), medical reimbursement, club fees, leave travel concession and all other benefits as are applicable to senior employees of the Company (including but not limited to leave entitlement, encashment of leave, entitlement to housing and other loans in accordance with schemes of the Company).
------	--------------	--

\* The valuation of perquisites will be as per the Income tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

\* In case of re-appointment, the appointee will be eligible for carry forward of unutilized amount of medical expenses entitlement of the current term to the next term subject to maximum ceiling of six month's basic salary.

**RESOLVED FURTHER THAT** in the event of any loss, absence or inadequacy of profits of the Company in any financial year during the term of office of Mr. B.K. Choudhary, the remuneration as above shall be paid to him as minimum remuneration subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** Mr. S.P. Oswal, Chairman, be and is hereby authorised to execute an agreement on behalf of the Company with Mr. B.K. Choudhary."

#### Item No. 5 - To enter into Related Party Transactions:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) consent of the Members be and is hereby accorded for entering into contracts i.e. material transactions with related party as mentioned in the Statement annexed to the notice of 29<sup>th</sup> Annual General Meeting.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 189 of the Companies Act, 2013 (as amended or re-enacted from time to time) read with Rule 16 of the Companies

(Meeting of Board and its Powers) Rules, 2014, Company Secretary be and is hereby authorized to do the necessary entries in the Register of contracts or arrangements in which Directors are interested and authenticate them.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all acts and take all steps as may be necessary, proper or expedient to give effect to this resolution.”

**Item No. 6 – To ratify the remuneration of Cost Auditors for the Financial Year ending March 31, 2020:**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 148 and 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(s) thereof, for the time being in force), Mr. R.A. Mehta, Cost Auditor, appointed by the Board of Directors of the Company, to conduct audit of cost records of the Company for the Financial Year ending March 31, 2020, be paid the remuneration of ₹ 50,000/- plus applicable taxes.

**RESOLVED FURTHER THAT** Mr. S.P. Oswal, Chairman and Mr. Satin Katyal, Company Secretary, be and are hereby severally authorized to do all the acts and take all such steps as may be necessary or expedient to give effect to this resolution.”

**BY ORDER OF THE BOARD**  
Sd/-  
(Satin Katyal)

**Place: Gurugram**

**Dated: May 06, 2019**

**Company Secretary**

**Membership No. ACS-40578**

**NOTES:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.**

However, a person can act as proxy on behalf of members

not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Subject to the provisions of Section 126 of the Companies Act, 2013 (corresponding to Section 206A of the Companies Act, 1956), dividend as recommended by the Board of Directors, if declared at the meeting, will be dispatched/ remitted commencing on or from October 1, 2019.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN and bank details to MCS Share Transfer Agent Limited.
8. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
9. **The Register of Members and the Share Transfer Books of the Company shall remain closed from September 20, 2019 to September 30, 2019 (both days inclusive).**
10. The information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding the Directors seeking appointment/ re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
11. Members desiring any information, as regards Accounts, are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.

12. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 a.m. to 12.30 p.m.
  13. Members holding shares in the same/ identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/ Registrar and Transfer Agent.
  14. The Ministry of Corporate Affairs, Government of India, has taken a “Green Initiative in Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their members electronically. In support of the Green Initiative, your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance sheet, Statement of Profit & Loss and Directors’ Report etc. and other communications in electronic form. The Members are requested to support this Green Initiative by registering/ updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialized form) or with Registrar and Transfer Agent, MCS Share Transfer Agent Limited, Mumbai (in case of shares held in physical form).
  15. The Results of the resolutions passed at the AGM of the Company will be declared within 48 working hours of conclusion of AGM. The results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website **www.vardhman.com** and on the website of CDSL and will be communicated to the stock exchange i.e. NSE.
  16. The Annual Report 2018-19 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2018-19 are being sent by permitted mode.
  17. M/s. Khanna Ashwani & Associates, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e-voting process). The Scrutinizer shall within a period of three working days from the conclusion of e-voting period, unblock the votes in presence of at least two witnesses, not in employment of the Company and make a report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  18. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for voting, through ballot paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.
- 19. The instructions for shareholders voting electronically are as under:**
- i. The e-voting period commences on September 27, 2019 (9.00 a.m.) and ends on September 29, 2019 (5.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 23, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after end of voting period. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  - iii. The shareholders should log on to the e-voting website **www.evotingindia.com**.
  - iv. Click on “Shareholders” tab.
  - v. Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - vi. Next enter the Image Verification as displayed and Click on Login.
  - vii. If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.
  - viii. If you are a first time user follow the steps given below:



	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. Sequence number is printed on Attendance slip provided with the Annual report.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- ix. After entering these details appropriately, click on **"SUBMIT"** tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN: 190828049 for <**VARDHMAN ACRYLICS LIMITED**> on which you choose to vote.
- xiii. On the voting page, you will see **"RESOLUTION DESCRIPTION"** and against the same the option **"YES/ NO"** for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on **"SUBMIT"**. A confirmation box will be displayed. If you wish to confirm your vote, click on **"OK"**, else to change your vote, click on **"CANCEL"** and accordingly modify your vote.
- xvi. Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xviii. If Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Shareholders can also cast their vote using CDSL's mobile app "m-Voting" available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx. **Note for Non – Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **www.evotingindia.com** and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xxi. In case you have any queries or issues regarding evoting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com**

MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

**BY ORDER OF THE BOARD**

Sd/-

(Satin Katyal)

Company Secretary

Membership No. ACS-40578

Place: Gurugram

Dated: May 06, 2019

## ANNEXURE TO THE NOTICE:

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

(For Items No. 4, 5 & 6)

#### ITEM NO. 4:

The members of the Company in their Annual General Meeting held on September 05, 2016 had approved appointment of Mr. B.K. Choudhary as Managing Director of the Company for three years term w.e.f 01.04.2016. The present term of his appointment is expiring on 31.03.2019. However, the Board of Directors in its meeting held on February 02, 2019 has re-appointed Mr. B.K. Choudhary as Managing Director for a

period of five years w.e.f. April 01, 2019 to March 31, 2024, at remuneration as detailed in the resolution. The said re-appointment of Mr. B.K. Choudhary is subject to the approval of the members.

The Board of Directors recommends the Ordinary Resolution as set out at Item No. 4 of the Notice for approval by the Members.

#### MEMORANDUM OF INTEREST:

Except Mr. B.K. Choudhary, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the proposed Ordinary resolution set out at Item No. 4 of the Notice.

#### ITEM NO. 5:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members in their 28<sup>th</sup> AGM held on September 27, 2018 had given approval for entering into Related Party Transactions for the Financial Year 2019-20.

The approval of the Members is mandatorily required for entering into all material Related Party Transactions under the SEBI Listing Regulations, 2015 (Regulation 23 (4)).

Transactions are to be considered as material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the Annual consolidated turnover of the Company as per the last audited financial statements of the Company. The material nature of related party transactions being entered by the Company mandates it to seek members approval for such transactions for the Financial Year 2020-21.

Accordingly, your approval is solicited on the transactions provided below. The most significant transaction(s) by way of amount(s) and frequency during the year is sale of Acrylic Fiber to its holding company Vardhman Textiles Limited (VTXL). VTXL had been consuming Exlan quality of acrylic fiber prior to setting up of your Company as a subsidiary company. As on date, around 25-30 percent of the fiber produced by the Company is consumed as raw material by VTXL.

Sr. No.	Name of the Related Party	Relationship with the Company	Particulars of Contract or Arrangements	Material Terms/ Indicative Base Price	Whether on Arm's Length
1.	Vardhman Textiles Limited (VTXL)	Holding Company	• Sale of Acrylic Fiber (Traded/Manufactured)	At Market Related Prices	Yes
			• Purchase/ sale of MEIS licenses	At Market Related Prices	Yes
			• Purchase/ sale of fixed assets		
			• Rent Paid		
			• Payment towards sharing of corporate services	At Cost	Yes
			• Reimbursement of expenses (paid/ received)	on Actual Basis	Yes

The Board of Directors recommends the Ordinary Resolution as set out at Item No. 5 of the Notice for approval by the Members.

**MEMORANDUM OF INTEREST:**

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 5 of the Notice.

**ITEM NO. 6:**

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. Upon the recommendation of Audit Committee, the Board of Directors in its meeting held on May 06, 2019 had appointed Mr. R.A. Mehta, as Cost Auditor of the Company to conduct Cost Audit for Financial Year ending March 31, 2020.

Accordingly, the consent of the members is solicited for passing an Ordinary Resolution as set out at Item No. 6 of the notice for ratification of payment of remuneration of ₹ 50,000/- plus applicable taxes to the Cost Auditor for the Financial Year ending 31<sup>st</sup> March, 2020.

The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the Members.

**MEMORANDUM OF INTEREST:**

None of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives are, in any way, concerned or interested, financial or otherwise, in the Ordinary Resolution set out at Item No. 6 of the Notice

**Information Pursuant To Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Directors seeking appointment/re-appointment in the Annual General Meeting.**

Name of the Director	Mr. Sachit Jain	Mr. Bal Krishan Choudhary
Date of Birth	08.07.1966	27.06.1951
Date of Appointment	30.12.1995	30.12.1995
Expertise in specific functional area	Business Executive having experience of more than 28 years in Textile and Steel Industry	More than 45 Years' experience in Project Management & Business Operations.
Qualification	B.Tech, MBA	B.Sc, M.Com, M.B.A. (Gold Medalist)
Directorships in other Listed Companies as on March 31, 2019	1. Vardhman Special Steels Limited 2. Vardhman Textiles Limited 3. Vardhman Holdings Limited	1. Vardhman Special Steels Limited
Chairman/Member of Committees of other Listed Companies as on March 31, 2019	<b>Stakeholder Relationship Committee:</b> Vardhman Holdings Limited – Member Vardhman Textiles Limited – Member	<b>Stakeholder Relationship Committee:</b> Vardhman Special Steels Limited – Member
No. of Shares held	10	Nil
Relationship with other Director(s)	Mr. Shri Paul Oswal is father-in-law of Mr. Sachit Jain.	Not related to any Director



## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 29<sup>th</sup> Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended March 31, 2019.

### 1. FINANCIAL RESULTS:

The financial performance of your Company for the year ended March 31, 2019 is as under:

	(₹ in lakhs)	
PARTICULARS	2018-19	2017-18
Revenue from operations (Net)	39,196.35	32,692.59
Other Income	2,474.68	2,056.29
Profit before Depreciation, Interest & Tax (PBDIT)	5,256.86	5,204.84
Interest and Financial Expenses	43.97	73.06
Profit before Depreciation and Tax (PBDT)	5,212.89	5,131.78
Depreciation	539.79	472.64
Profit before Tax (PBT)	4,673.10	4,659.14
Provision for Tax - Current	1,233.13	1,449.16
- Deferred Tax (Net of Adjustment)	(8.79)	(647.26)
- Total Tax Expenses	1,224.34	801.90
Profit after tax (PAT)	3,448.76	3,857.24
Other Comprehensive Income	(83.50)	(9.68)
Total Comprehensive Income for the period	3,365.26	3,847.56
Earnings per share (₹)		
- Basic	4.29	4.80
- Diluted	4.29	4.80

### 2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented as under:-

#### A. ACRYLIC FIBER INDUSTRY-GLOBAL AND INDIAN PERSPECTIVE:

Primary raw material of Acrylic Fiber is Acrylonitrile which in turn is a crude oil derivative. Crude oil prices witnessed roller coaster movement during the year from USD 68 bbl in April 18 high of USD 86 bbl in Oct 18 to only sharply fall to USD 50 bbl in Dec 18 before recovering to USD 68 bbl in March 19. Such movement was prompted by decisions of US administration to re-impose sanctions on Iran and countries buying crude oil from Iran w.e.f. Nov 18 and later grant of 180 days waiver to eight countries including India and several other events with global ramifications. There were short term gluts and shortages of crude oil further

aggravated by shifting sentiments which led to very volatile conditions.

Actions by some governments to unilaterally impose or hike custom duties on imports from several selected countries also had its share of effect on disruptions and volatility in global markets. Some of the countries responded with reciprocal duties. Such actions caused rush of exports to beat the deadlines of higher duties causing sudden demand and then a steep fall in demand after implementation of increased duties. Such actions and responses keep the global trade on tenterhooks and in a flux leading to uncertainties and protective measures which are not in best interest of global trade.

Acrylonitrile and Acrylic Fiber were not left untouched by these upheavals in global trade measures.

Acrylonitrile prices rose by about 15-17% between Apr-18 and Sep-18, then crashed by about 35-40% by Feb-19 and rebounded about 20-22% in Mar-19. This see-saw was caused by global macro factors as discussed above as also by simultaneous turnarounds of Chinese Acrylonitrile producers and good demand from its other derivatives like ABS, Adiponitrile and Acrylamide.

At global level, Acrylic Fiber suffered a drop in demand in 2018 over 2017, China contributing the most to it. Additional capacities commissioned in China in recent years, turmoil in Turkey leading to large erosion in Turkey's Acrylic Fiber demand and large demand drop in China did not allow Acrylonitrile price increases to be passed on fully and affected margins of Acrylic Fiber producers. Extent of drop and rise in Acrylonitrile prices were the worst in last one decade.

Extended winter in India this year was helpful in creating a better demand for winter wear in India. However, global turmoil caused by sharp price drop in end of 2018/ beginning of 2019 and drop in demand globally led Acrylic Fiber producers from China, Thailand, Turkey, Peru, Mexico and Belorussia to dump large volumes in India. Such dumping has happened in past as well whenever there is a demand drop outside India causing oversupply and consequential impacts.

#### B. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

##### • PRODUCTION & SALES REVIEW:

Your Company has achieved a turnover of ₹39,196.35 lakhs against a turnover of ₹32,692.59 lakhs in the previous year. After providing for depreciation of ₹539.79 lakhs (previous year ₹472.64 lakhs) and provision for current tax of ₹1,233.13 lakhs (previous year ₹1,449.16 lakhs), deferred tax of ₹(8.79) lakhs (previous year

₹ (647.26) lakhs), Profit after Tax (after considering Other Comprehensive Income) of the Company is ₹ 3,365.26 lakhs as against ₹ 3,847.56 lakhs in the previous year. This is about 12.54% lower than 2017-18.

• **RESOURCE UTILIZATION:**

(a) **Fixed Assets:**

The gross fixed assets (including work-in-progress) as at March 31, 2019 were ₹ 7,062.10 lakhs as compared to ₹ 6,848.97 lakhs in the previous year. Under Ind AS, land on lease is considered as operating lease. Therefore net block of leasehold land as on March 31, 2019 and as on March 31, 2018 has been re-classified under the head "Other non-current assets" and "Other current assets" as 'pre-payments of leasehold land' and excluded from Gross Fixed Assets.

(b) **Current Assets:**

The current assets as on March 31, 2019 were ₹ 33,138.03 lakhs as against ₹ 22,749.72 lakhs in the previous year. Inventory level was at ₹ 7,637.17 lakhs as against ₹ 5,246.52 lakhs in the previous year.

• **FINANCIAL CONDITIONS & LIQUIDITY:**

**Liquidity & Capital Resources:**

	(₹ in lakhs)	
PARTICULARS	2018-19	2017-18
<b>Cash &amp; cash equivalents:</b>		
Beginning of the year	409.29	905.95
End of the year	176.70	409.29
<b>Net cash provided/ (used) by:</b>		
Operating Activities	(2,550.60)	308.95
Investing Activities	(778.77)	652.19
Financial Activities	(2,004.42)	(1,457.80)

**C. CAPACITY ENHANCEMENT PROGRAMME**

Your company has been periodically enhancing production Capacity by internal efforts since last about a decade. Company has received Consolidated Consent Authorization on 15/03/19 to enhance capacity to 22,000 MTpa from 20,000 MTpa currently. Company is already working on augmenting necessary facilities to achieve increased production at the earliest. Increase in production is expected to make Company's products more competitive and retain its leadership in market.

**D. BUSINESS OUTLOOK**

Indicators at macro level are positive and supportive of consumption. India's GDP is estimated to have grown by 6.80% in 2018-19. As estimated by various global institutions, the GDP may grow @7% in the year 2019-20. On the other hand, Chinese economy is expected to continue slowdown from approximately 6.5% in 2018 to 6.2% in 2019 and 6.0% in 2020. Inflation has steadily come down to 4.30%.

Emphasis of the Government on increasing rural incomes and providing financial support to poor is a positive for Acrylic Fiber industry in medium and long term. Increasing per capita income augurs well for Acrylic Fiber consumption especially with inflation remaining in check. Global economic slowdown is not expected to have large impact on Acrylic Fiber consumption in India.

**E. MAJOR RISK AND AREA OF CONCERN**

Low rate of inflation in India and growing agriculture output are positives for consumption of basic items that include clothing and textiles. However, a less than normal monsoon, slower industrial output increase on back of slowdown in global economies can be a dampener in spending by middle and lower income sections of Indian society. Dumping by overseas Acrylic Fiber producers continues to be a threat in 2019-20 as well. Enhanced action by government to curtail such imports of Acrylic Fiber will help in creating level playing field for entire Acrylic Fiber supply chain. Spurt in crude oil prices can upset the market economics leading to demand drop. Higher crude oil prices can also cause depreciation of Indian Rupee making Acrylic Fiber more expensive.

**F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The company reviews its Systems and Processes periodically to assess their robustness and sufficiency in view of business requirements, best industrial practices, corporate governance, statutory compliances, controls and audit purpose. This is supplemented by a bi-annual Internal Audit to identify areas that might need further review and attention of Senior Management. Recommendations of Internal and Statutory Auditors are viewed as an opportunity to look at our system from an independent view. Senior Management of your Company is committed to make the operations process driven and transparent and strengthen informed decision making so as to minimize chances of deviations and taken timely corrective action.

**G. INTERNAL FINANCIAL CONTROL:**

The Company has in place requisite and adequate controls for financial matters to ensure all compliances - internal as well as statutory. The systems related to these matters are regularly reviewed and updated to

keep them in sync with changing times. During the year, no reportable material weakness in the design or operation was observed.

#### H. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:

The development of human resource through systematic training, building of congenial work environment, installing culture of ownership and promotion of innovative thinking and approach have always received utmost attention and focus in your Company.

Your company has been continuously endeavoring on strengthening culture of team work and commitment to excellence. The industrial relations remained cordial during the year.

The Company employed 282 persons during the year.

#### I. SUMMARY OF KEY FINANCIAL RATIOS:

Particulars	2018-19	2017-18	% change
Debtors Turnover Ratio (Days)	15	23	-35.63
Inventory Turnover (Days)	71	59	21.41
Interest Coverage Ratio (Times)	91.70	60.26	52.17
Current Ratio (Times)	3.46	3.33	3.93
Debt Equity Ratio (Times)	0.00	0.00	0.00
EBIDTA Margin (%)	13.41	15.92	-15.76
Net Profit Margin (%)	8.80	11.80	-25.43
Return on Net Worth (%)	10.34	12.08	-14.42

**Debtors Turnover Ratio** fluctuation primarily on account of higher turnover due to sale rate variation during current year.

**Interest Coverage Ratio** increased due to decrease in Interest cost on account of decrease in LC Bill discounting during 2018-19.

**Net Profit Margin** decreased primarily on account of higher turnover due to sale rate variation during current year.

**Return on Net Worth** decreased primarily on account of decrease in net profits attributable to lower operating profits during financial year 2018-19.

#### 3. DIVIDEND:

The Board of Directors in its meeting held on May 06, 2019 has recommended a dividend of ₹ 2.50 /- per share on the fully paid up Equity Shares of the Company.

#### 4. CONSOLIDATED FINANCIAL STATEMENT:

As your Company does not have any subsidiary, associate or joint venture company, therefore, the provisions of Companies Act, 2013 & Indian Accounting Standards (Ind AS) 110, 111, 112 in relation to consolidation of accounts do not apply.

#### 5. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any subsidiary/material subsidiary, associate or joint venture company.

#### 6. DIRECTORS:

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

#### Declaration under Section 149(6):

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

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

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

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

#### Familiarization Programmes for Board Members:

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

The Familiarization Programme for Board members may be accessed on the Company's website at the link: [https://www.vardhman.com/user\\_files/investor/VAL\\_Familisation%20program.pdf](https://www.vardhman.com/user_files/investor/VAL_Familisation%20program.pdf)

#### Annual Evaluation of the Board Performance:

The Meeting of Independent Directors of the Company for the Calendar Year 2018 was held on October 27, 2018 to evaluate the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

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

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

**7. KEY MANAGERIAL PERSONNEL (KMP):**

In compliance with provisions of Section 203 of the Companies Act, 2013, following are the KMPs of the Company as on 31st March, 2019:

Sr. No.	Name	Designation
1.	Bal Krishan Choudhary	Managing Director
2.	Vivek Gupta	Chief Financial Officer
3.	Ankur Gauba*	Company Secretary

\* Mr. Ankur Gauba has left the Company w.e.f. 30<sup>th</sup> March, 2019 and Mr. Satin Katyal has been appointed as Company Secretary of the Company w.e.f. 6<sup>th</sup> May, 2019.

**8. NUMBER OF BOARD MEETINGS:**

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

**9. AUDITORS AND AUDITORS' REPORT:****Statutory Auditors:**

M/s. SCV & CO. LLP. (Formerly S.C. Vasudeva & Co.), Chartered Accountants (Registration no. 000235N/N500089) were appointed as Statutory Auditors of the Company by the Members for a term of five consecutive years starting from the conclusion of 27<sup>th</sup> Annual General Meeting till the conclusion of 32<sup>nd</sup> Annual General Meeting of the Company.

The report of the Statutory Auditors along with the Notes to Schedules forms part of the Annual Report and contains an Unmodified Opinion without any qualification, reservation or adverse remark.

**Secretarial Auditor:**

M/s Ashok K. Singla & Associates, Company Secretaries, were appointed as Secretarial Auditors of the Company by the Board of Directors of the Company in its meeting held on May 3, 2018 for the Financial Year 2018-19.

The Secretarial Auditors of the Company have submitted their Report in Form No. MR-3 as required under Section 204 of the Companies Act, 2013 for the Financial Year ended March 31, 2019. This Report is self-explanatory and requires no comments. The Report forms part of Directors' Report as **Annexure II**.

**Cost Auditor:**

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

The Board of Directors has appointed Mr. R.A. Mehta, Practising Cost Accountant, as the Cost Auditor of the Company to conduct Cost Audit of the Accounts for the financial year 2019-20. However, as per provisions of Section 148 of the Companies Act, 2013 read with

Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditor is subject to ratification by members at the Annual General Meeting. Accordingly, the remuneration to be paid to Mr. R.A. Mehta, Practising Cost Accountant, for financial year 2019-20 is placed for ratification by the members.

**10. AUDIT COMMITTEE:****Composition of Audit Committee:**

The Audit Committee consists of Mr. S.P. Singh, Mr. M.C. Gupta, Mrs. Apinder Sodhi, Independent Directors and Mr. D.L. Sharma, Director. Mrs. Apinder Sodhi was appointed as a member of Audit Committee w.e.f. May 3, 2018. Mr. S.P. Singh is the Chairman of the Committee and Company Secretary of the Company is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

**11. VIGIL MECHANISM & SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:****Vigil Mechanism:**

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

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

The Policy on Vigil Mechanism and Whistle Blower Policy as approved by the Board may be accessed on the Company's website at the link: [https://www.vardhman.com/user\\_files/investor/342a7263db1c05444c897e9056f0e1d9707cda151436265916.pdf](https://www.vardhman.com/user_files/investor/342a7263db1c05444c897e9056f0e1d9707cda151436265916.pdf)

**Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Directors further state that during the year under review, there were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**12. CORPORATE GOVERNANCE:**

The Company has in place a system of Corporate Governance. Corporate Governance is about maximizing shareholder value legally, ethically and sustainably. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A certificate from the Auditors of the Company regarding compliance of conditions

of Corporate Governance as stipulated under Corporate Governance Clauses of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the report on Corporate Governance.

### 13. CORPORATE SOCIAL RESPONSIBILITY (CSR):

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

**CSR Policy:** The Corporate Social Responsibility (CSR) Policy of the Company indicating the activities to be undertaken by the Company, as approved by the Board, may be accessed on the Company's website at the link: [https://www.vardhman.com/user\\_files/investor/61a990114df67d8501b530691cbe89070be539571436265843.pdf](https://www.vardhman.com/user_files/investor/61a990114df67d8501b530691cbe89070be539571436265843.pdf)

During the year, the Company has spent ₹ 74.50 Lakhs on CSR activities.

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

### 14. RISK MANAGEMENT:

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

The Risk Management policy may be accessed on the Company's website at the link: [https://www.vardhman.com/user\\_files/investor/8c586426f23ba3ac0445c849743b72c67c19d6fd1436265890.pdf](https://www.vardhman.com/user_files/investor/8c586426f23ba3ac0445c849743b72c67c19d6fd1436265890.pdf)

### 15. INTERNAL FINANCIAL CONTROLS & ITS ADEQUACY:

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

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

### 16. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The particulars of Contracts or Arrangements made with related parties as required under Section 134(3)(h) of the Companies Act, 2013 in specified form AOC-2 are covered under Note No. 35 to the financial statement, which is set out for related party transactions.

The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: [https://www.vardhman.com/user\\_files/investor/1c9ec9e9c9ce1b5b82aef9485050628bbd40d551436265865.pdf](https://www.vardhman.com/user_files/investor/1c9ec9e9c9ce1b5b82aef9485050628bbd40d551436265865.pdf)

### 17. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statement (Please refer to Note 4, 5 and 8 to the financial statement).

### 18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

### 19. ANNUAL RETURN:

Pursuant to the provisions of Section 134 (3) (a) of Companies Act, 2013 the web address of the extract of Annual Return is [https://www.vardhman.com/user\\_files/investor/MGT-9\\_VAL\\_2018-19.pdf](https://www.vardhman.com/user_files/investor/MGT-9_VAL_2018-19.pdf)

### 20. HUMAN RESOURCES /INDUSTRIAL RELATIONS:

Human resource is considered as the most valuable of all resources available to the Company. The Company continues to lay emphasis on building and sustaining an excellent organization climate based on human performance. The Management has been continuously endeavoring to build high performance culture on one hand and amiable work environment on the other hand. During the year, the Company employed around 282 employees on permanent rolls.

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



**21. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:**

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

A statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in Rule 5 (2) and 5 (3) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, is not required to be given in case of your Company as none of the employees have received salary specified in these limits.

In terms of section 197(14) of the Companies Act, 2013, the details regarding remuneration or commission received from any holding or subsidiary Company by any Managing or Whole Time Director are annexed hereto and form part of this report.

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

**22. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THIS REPORT:**

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

**23. DIRECTORS RESPONSIBILITY STATEMENT:**

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

- a. In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures;
- b. Appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended on 31st March, 2019;
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d. The annual accounts have been prepared on a going concern basis;
- e. The Internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

**24. GENERAL DISCLOSURES:**

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

- 1. Details relating to deposits covered under Chapter V of the Act.
- 2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- 3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- 4. Transfer of unclaimed/unpaid Dividend to Investor Education and Protection Fund.
- 5. Change in nature of Business of Company.
- 6. No fraud has been reported by the Auditors to the Audit Committee or the Board.
- 7. There is no Corporate Insolvency Resolution process initiated under the Insolvency and Bankruptcy Code, 2016.

**25. ACKNOWLEDGEMENT:**

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

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

**FOR AND ON BEHALF OF THE BOARD**

**Place : Gurugram  
Dated : May 06, 2019**

**Sd/-  
(S.P. Oswal)  
Chairman**

**INDEX OF ANNEXURES**  
**(FORMING PART OF BOARD REPORT)**

<b>Annexure No.</b>	<b>Particulars</b>
I	Nomination & Remuneration Policy approved by the Board.
II	Secretarial Audit Report in Form No. MR-3 for FY 2018-19.
III	CSR Activities – Annual Report FY 2018-19.
IV	Conservation of energy, technology absorption, foreign exchange earnings and outgo.
V	Particulars of employees and related disclosures.

**NOMINATION AND REMUNERATION POLICY  
OF  
VARDHMAN ACRYLICS LIMITED**

**1. PREFACE:**

In terms of the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, this policy on Nomination and Remuneration of Directors and Senior Management has been formulated by the Committee and approved by the Board of Directors in their meeting held on 1<sup>st</sup> November, 2014.

Upon the recommendations of Nomination and Remuneration Committee, the Board of Directors of Vardhman Acrylics Limited (VAL) in their meeting held on 4<sup>th</sup> May, 2015 made certain amendments in the existing policy and thereafter replaced the existing policy with the amended policy.

The amended policy is as under:-

**2. ROLE OF THE COMMITTEE:**

- a) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to Board their appointment and removal.
- b) To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- c) To recommend to the Board, remuneration policy related to remuneration of Directors (whole time Directors, Executive Directors etc.), Key Managerial Personnel and other employees while ensuring the following:-
  - i. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
  - ii. That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - iii. That remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate of the working of the company and its goals.
- d) To formulate criteria for evaluation of Directors and the Board.
- e) To devise a policy on Board diversity.

**3. MEMBERSHIP:**

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.

- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

**4. CHAIRMAN:**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**5. FREQUENCY OF MEETINGS:**

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

**6. COMMITTEE MEMBERS' INTERESTS:**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**7. SECRETARY:**

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

**8. VOTING:**

- a) Decisions of the Committee shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

**9. MINUTES OF COMMITTEE MEETING:**

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

**10. EFFECTIVE DATE & AMENDMENTS:**

This policy will be effective from 4<sup>th</sup> May, 2015 and may be amended subject to the approval of Board of Directors.

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2019

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

To,  
The Members,  
Vardhman Acrylics Limited,

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

Based on my/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 secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (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, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I/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 Agreements entered into by the Company with National Stock Exchange upto the date of its applicability and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015;

# Vardhman Acrylics Limited

---

During the period under review, the Company has complied with the provisions of the abovementioned Acts, Rules, Regulations, Guidelines, Standards.

## **I/we further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

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.

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

**I/we further report that** during the audit period the company has not any specific events / actions which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**For Ashok K Singla & Associates,  
Company Secretaries,**

**Sd/-  
Ashok Singla  
Proprietor**

**Membership No. 2004  
Certificate of Practice No. 1942**

**Place: Ludhiana  
Date: May 06, 2019**

## **Annexure A**

To  
The Members  
Vardhman Acrylics Limited,

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records 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 the correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of the 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 the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Ashok K Singla & Associates,  
Company Secretaries,**

**Sd/-  
Ashok Singla  
Proprietor**

**Membership No. 2004  
Certificate of Practice No. 1942**

**Place: Ludhiana  
Date: May 06, 2019**

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2018-19

Sr. No.	Particulars	Details
1.	Brief outline of CSR Policy	<b>Broad contours of CSR Policy of the Company:</b> 1. Promotion of Education. 2. Rural Development. 3. Promoting Healthcare. 4. Environment Protection & Energy Conservation. 5. Any other project/programme pertaining to activities listed in Companies (Corporate Social Responsibility) Rules, 2014.
2.	Composition of CSR Committee	The CSR Committee of the Company consists of: i. Mr. Sachit Jain- Chairman ii. Mr. Bal Krishan Choudhary- Member iii. Mr. Munish Chandra Gupta- Member
3.	Average net profit of the Company for last three financial years	₹ 4950.80 lakhs
4.	Prescribed CSR Expenditure	₹ 99.02 lakhs
5.	<b>Details of CSR spent during the year:</b> Total amount spent for the financial year Amount unspent, if any Manner in which the amount spent during the financial year	₹ 74.50 lakhs ₹ 24.52 lakhs <b>ANNEXURE – A</b>
6.	In case the Company has failed to spend two percent, reason thereof.	The Company has spent ₹ 74.50 lakhs in the financial year 2018-19 on activities as provided in <b>Annexure-A</b> . The prescribed unspent amount will be spent on all ongoing CSR projects in the coming financial year.
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company	<b>ANNEXURE- B</b>

ANNEXURE - A

Manner in which the amount spent during the financial year is detailed below:

(₹ in lakhs)

1	2	3	4	5	6	7	8
Sr. No	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other  (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:  (1) Direct expenditure on projects or programs  (2) Overheads:	Cumulative expenditure up to the reporting period.	Amount spent: Direct or through implementing agency
1	Construction of Anganwadi rooms including Kitchen and toilets at Village Kapalsadi	Promoting Education	Jhagadia, Gujarat	12.70	11.36	11.36	Through Implementing Agency
2	Construction of two classrooms at Govt. Primary School, Utiya.	Promoting Education	Jhagadia, Gujarat	19.50	7.40	7.40	Through Implementing Agency
3	Renovation of School building at Govt. Primary School, Dadheda.	Promoting Education	Jhagadia, Gujarat	2.08	1.80	1.80	Through Implementing Agency
4	Provided financial assistance to SRICT College, Ankleshwar for purchase of lab equipments through Ankleshwar Rotary Education Society.	Promoting Education	Jhagadia, Gujarat	1.25	1.25	1.25	Direct
5	Provided Public Addressing System at Govt. Primary School, Rattanpura Village.	Promoting Education	Jhagadia, Gujarat	0.70	0.78	0.78	Through Implementing Agency
6	Construction of Computer Lab room at Govt. Primary School, Sardarpura Village	Promoting Education	Jhagadia, Gujarat	17.70	17.38	17.38	Through Implementing Agency
7	Construction of Anganwadi at Gumanpura Village	Promoting Education	Jhagadia, Gujarat	13.00	5.74	5.74	Through Implementing Agency
8	Construction of Toilet blocks for Male & Female at Govt. Primary School, Navagam Mota Village.	Promoting Education	Jhagadia, Gujarat	4.50	0.18	0.18	Through Implementing Agency
9	Construction of Community Hall building at Talodara Village.	Rural Development	Jhagadia, Gujarat	18.85	6.75	6.75	Through Implementing Agency
10.	Provided 28 Street Light Poles with LED Light at Talodara Village.	Rural Development	Jhagadia, Gujarat	8.00	8.02	8.02	Through Implementing Agency
11.	Promotion of Cultural events during festival season at Talodara Villages.	Promoting Art & Culture	Jhagadia, Gujarat	0.35	0.34	0.34	Direct
12.	Distribution of anesthesia trolley for operation theatre to Kasturba Hospital run by SEWA Rural Trust.	Promoting Healthcare	Jhagadia, Gujarat	12.00	12.00	12.00	Through Implementing Agency
13.	Donation to Jhagadia Industries Association towards contribution for 'Sujlam Suflam Jal Abhiyan' of Gujarat Govt.	Environment Protection	Gujarat	1.50	1.50	1.50	Direct

ANNEXURE- B

RESPONSIBILITY STATEMENT

I, Sachit Jain, Chairman of the CSR Committee of Vardhman Acrylics Limited, undertake that the implementation and monitoring of CSR policy, is in compliance with CSR objectives of the Company.

Place: Gurugram  
Date: May 06, 2019

Sd/-  
(Bal Krishan Choudhary)  
Managing Director

Sd/-  
(Sachit Jain)  
Chairman of CSR Committee

ANNEXURE IV

**INFORMATION AS PER SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF COMPANIES (ACCOUNTS) RULES, 2014 FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019.**

**A. CONSERVATION OF ENERGY:**

**i. Steps taken for conservation of energy:**

1. Provision of Variable Frequency Drives (2 nos.) in different pumps' motors.
2. Use of LED lights for street lights and tube lights, LED well glass lamps for power saving.
3. Temperature control at REST for steam optimization and thus saving.
4. Replacement of old chilled brine pumps with high efficiency pumps for power saving.
5. Installation of digital DO analyzer at ETP and integration for controlling blower VFD for blower speed optimization based on it's real time value and thus power saving.
6. Replacement of old inefficient Vapor Absorption Chiller with new more efficient Chiller with heater for steam saving in chiller and at the same time providing heating to boiler feed water to save steam at CPP deaerator.
7. Installation of occupancy sensors at some locations like inverter room for switching off lights when there is no occupancy in the room. Similar other locations identified and will be installed in 2019-20.

**ii. Steps taken by the Company for utilizing alternate sources of energy:**

Following is the step taken by the Company for utilizing alternate sources of energy during the Financial Year 2018-19:- Efforts are continuing to identify viable opportunities of using alternate sources of energy.

**iii. Expenses incurred on energy conservation equipment:**

The Company has incurred ₹ 86.43 lakhs on different energy & utilities saving projects.

**B. TECHNOLOGY ABSORPTION**

**i. Efforts made towards technology absorption, adoption and innovation:**

- Improvement in Tow products quality by optimizing process conditions.
- Reduction in process interruptions and waste/MIP generation by optimizing operational practices.
- Enhancement in PRS filtration unit operation

capacity to meet higher productivity demand of subsequent operations.

- Substitution of imported consumables and spares/components by indigenous sources.
- Substitution of RO membranes by different models and makes for higher operational reliability and cost saving.
- Reduction in costly consumables like gels by optimizing operational practices.

Benefits derived as a result of the above efforts:

- Enhancement in productivity
- Improvement in product quality
- Achieving Cost savings
- Higher Customer satisfaction

**ii. In case of imported technology, (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: **Not applicable****

- a) Technology imported – NIL.
- b) Year of import – NA.
- c) Has technology been fully absorbed – NA.
- d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action – NA.

**iii. The expenditure incurred on Research and Development (R&D): The R&D efforts in the Company are being made for water recycling and cost effective waste water treatment.**

- a) Specific areas in which R&D is carried out by the Company:
  - Different trials to improve CSP of yarn for customer satisfaction.
  - Different trials to introduce fiber dyed route in yarns.
  - Product quality improvement with the help of new finish oils.
  - Efficiency improvement in waste water recycling.
  - Optimization of recycled water reuse in process.
  - Cooling water treatment Improvement.

b) Benefits derived as a result of the above R&D:

- Product quality Improvement.
- Wider product basket.
- Cost savings.



- Sustainability enhancement via water recycling .
  - Customer satisfaction.
- c) Future plan of action:
- New products development for newer market segments.
  - Indigenization of imported consumables and spares.
  - Finish oil development for better tow product quality.
  - Improvement in fibre strength.

d) Expenditure on R&D:

(₹ in lakhs)		
Particulars	2018-19	2017-18
Non –Recurring	-	-
Percentage of turnover	-	-

**C. FOREIGN EXCHANGE EARNING AND OUTGO:-**

(₹ in lakhs)		
Particulars	2018-19	2017-18
Foreign Exchange earned (FOB)	<b>NIL</b>	NIL
Foreign Exchange used (on accrual basis)	<b>26,215.56</b>	21,081.37

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

**A. DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.**

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2018-19 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2018-19 are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2018-19 (₹ In lakhs)	% increase / decrease in Remuneration in the Financial Year 2018-19	Ratio of remuneration of each Director/KMP to median remuneration of employees
1.	Shri Paul Oswal Chairman and Non-Executive Director	-	-	-
2.	Bal Krishan Choudhary Managing Director	85.43	1.03	38.83
3.	Darshan Lal Sharma Non-Executive and Non - Independent Director	-	-	-
4.	Sachit Jain Non-Executive and Non - Independent Director	-	-	-
5.	Munish Chandra Gupta Non-Executive and Independent Director	2.80	-12.50	1.27
6.	Sanjit Paul Singh Non-Executive and Independent Director	2.00	11.11	0.91
7.	Surinder Kumar Bansal Non-Executive and Independent Director	1.15	0	0.52
8.	Apinder Sodhi* Non-Executive and Independent Director	1.80	N.A	0.82
9.	Vivek Gupta Chief Financial Officer	32.24	1.22	14.65
10.	Ankur Gauba** Company Secretary	6.78	N.A	3.08

\* Remuneration of Mrs. Apinder Sodhi for the Financial Year 2018-19 cannot be compared with her remuneration in the Financial Year 2017-18 as she has received remuneration for only a part of the Financial Year 2017-18. (i.e. w.e.f. November 1, 2017).

\*\* Remuneration of Mr. Ankur Gauba for the Financial Year 2018-19 cannot be compared with his remuneration in the Financial Year 2017-18 as he has received remuneration for only a part of the Financial Year 2017-18. (i.e. w.e.f. February 5, 2018).

2. The median remuneration of employees of the Company during the Financial Year was 2.20 lakhs (previous year ₹ 2.12 lakhs).
3. In the Financial Year, there was an increase of 3.77% in the median remuneration of employees.
4. There were 282 permanent employees on the rolls of Company as on March 31, 2019.
5. Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2018-19 was 10.90%.
6. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

**B. DISCLOSURE IN RESPECT OF REMUNERATION OR COMMISSION RECEIVED BY MR. B.K CHOUDHARY, MANAGING DIRECTOR OF THE COMPANY IN VARDHMAN TEXTILES LIMITED (HOLDING COMPANY).**

Sr. No.	Name of Director	Name of Holding Company	Amount (₹ In lakhs)
1.	Bal Krishan Choudhary	Vardhman Textiles Limited	75.00

**C. DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.**

1. Persons employed throughout the financial year, who were in receipt of remuneration which, in the aggregate, was not less than ₹ 1,02,00,000/- per annum - Nil
2. Persons employed for a part of financial year, who were in receipt of remuneration for any part of that year, at a rate which in aggregate, was not less than ₹ 8,50,000/- per month - Nil
3. A Statement showing names of Top Ten Employees in terms of remuneration drawn during the year is as follows :

Sr. No.	Name	Age	Designation	Gross Remuneration (₹in lakhs)	Nature of Employment	Qualification	Experience (in years)	Date of Joining	Previous Employment	% of Equity shares held on 31.03.2019
1.	Arun Gangaram Bharadi	52	General Manager Operation	51.50	Regular	B.Sc, DBM	29	12/09/2017	Cytec India Speciality Chemicals & Materials Pvt. Ltd.	Nil
2.	Vivek Gupta	52	Senior Vice - President	35.02	Regular	B.E.(Hons.), MBA	26	07/11/2007	Pro India Ltd.	Nil
3.	Basudev Brijkishor Sharma	48	Vice - President	22.50	Regular	B.TECH- Chemical	26	01/10/2008	Jubilant Organosys Ltd.	Nil
4.	Jignesh L Parmar	46	Assistant Vice - President	21.58	Regular	B.Sc, Master in Labour Law, MBA	23	15/04/2015	M/s. Narayana Hrudayalaya Ltd.	Nil
5.	Mrinal Kanti Siddhanta	50	Assistant Vice - President	20.07	Regular	B.E.-Textile	25	10/06/2004	Consolidated Fibres & Chemicals Ltd.	Nil
6.	Jayesh Shantilal Gohil	46	Dy. General Manager	17.54	Regular	B.E.- Mechanical	23	25/10/2010	ISAGRO Asia Agrochemicals Pvt. Ltd.	Nil
7.	Hetan Jashvantbhai Patel	43	Senior Manager	16.62	Regular	B.E.- Chemical	20	17/08/2013	Nocil Ltd.	Nil
8.	Alpesh Hasmukhbhai Patel	44	Senior Manager	15.46	Regular	Diploma in Mechanical Engineering, BOE	25	23/09/2013	Thermax Ltd.	Nil
9.	Devendra Bhupatsinh Mangrola	40	Senior Manager	14.31	Regular	Diploma in Industrial Electronics	19	10/09/2007	Videocon Industries Ltd.	Nil
10.	Dinesh Gaur	41	Senior Manager	13.38	Regular	B.TECH., P.G. DIP in Business Mgt. (Marketing)	19	17/07/2000	Vardhman Textiles Ltd.	Nil

**Note:** None of the above mentioned employees are related to any of the Directors of the Company.

## CORPORATE GOVERNANCE REPORT

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

### 1. VARDHMAN GROUP'S PHILOSOPHY:

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

### 2. BOARD OF DIRECTORS/ BOARD MEETINGS:

#### i. Composition as on 31<sup>st</sup> March, 2019:

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

Category	Name of Directors
Promoter Directors	# Shri Paul Oswal - Chairman # Sachit Jain - Non- Executive Non- Independent Director
Executive Director	Bal Krishan Choudhary - Managing Director
Independent Directors	Munish Chandra Gupta Sanjit Paul Singh Surinder Kumar Bansal Apinder Sodhi
Non- Executive Non- Independent Director	Darshan Lal Sharma

#### Relationship Inter-se:

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

#### ii. Board Meetings:

During the Financial Year 2018-19, the Board met 4 times on the following dates:

- 3<sup>rd</sup> May, 2018
- 4<sup>th</sup> August, 2018
- 27<sup>th</sup> October, 2018
- 2<sup>nd</sup> February, 2019

**iii. Attendance of the Directors at the Board Meetings during the year and at last Annual General Meeting of the Company and also the number of other Directorship/Chairmanship in Indian Public Limited Companies and names of other Listed Entities where the person is director and category of directorship therein are as follows:-**

Name of Director	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in other Companies	Names of other Listed Entities where the person is Director	Category of Directorship in other listed entities	No. of Committee memberships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanship in other Companies																																																														
Shri Paul Oswal	4	No	7	Vardhman Textiles Limited	Executive Director	-	3	-																																																														
				Vardhman Holdings Limited	Executive Director				Darshan Lal Sharma	4	No	9	Vardhman Textiles Limited	Non-Executive Director	3	-	-	Bal Krishan Choudhary	4	No	2	Vardhman Special Steels Limited	Non-Executive Director	1	-	-	Sachit Jain	1	Yes	4	Vardhman Textiles Limited	Non –Executive Director	2	-	-	Vardhman Holdings Limited	Non –Executive Director	Vardhman Special Steels Limited	Executive Director	Apinder Sodhi	4	Yes	2	Vardhman Holdings Limited -	Non-Executive Director	2	-	1	Surinder Kumar Bansal	3	No	1	Steel Strips Wheels Ltd.	Non Executive Director	2	-	2	Munish Chandra Gupta	4	No	2	Lumax Industries Ltd.	Non Executive Director	2	1	1	Bhansali Engg. Polymers Ltd.	Non Executive Director	Sanjit Paul Singh	4
Darshan Lal Sharma	4	No	9	Vardhman Textiles Limited	Non-Executive Director	3	-	-																																																														
Bal Krishan Choudhary	4	No	2	Vardhman Special Steels Limited	Non-Executive Director	1	-	-																																																														
Sachit Jain	1	Yes	4	Vardhman Textiles Limited	Non –Executive Director	2	-	-																																																														
				Vardhman Holdings Limited	Non –Executive Director																																																																	
				Vardhman Special Steels Limited	Executive Director																																																																	
Apinder Sodhi	4	Yes	2	Vardhman Holdings Limited -	Non-Executive Director	2	-	1																																																														
Surinder Kumar Bansal	3	No	1	Steel Strips Wheels Ltd.	Non Executive Director	2	-	2																																																														
Munish Chandra Gupta	4	No	2	Lumax Industries Ltd.	Non Executive Director	2	1	1																																																														
				Bhansali Engg. Polymers Ltd.	Non Executive Director																																																																	
Sanjit Paul Singh	4	No	-	-	-	-	-	-																																																														

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

3. BOARD COMMITTEES:

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

NAME OF COMMITTEE	COMPOSITION	TERMS OF REFERENCE
Audit Committee	- Sanjit Paul Singh (Chairman) - Munish Chandra Gupta - Darshan Lal Sharma - Apinder Sodhi	<ul style="list-style-type: none"> <li>The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</li> </ul>
Nomination and Remuneration Committee	- Munish Chandra Gupta (Chairman) - Shri Paul Oswal - Surinder Kumar Bansal	<ul style="list-style-type: none"> <li>The role of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</li> <li>Formulated and recommended Nomination and Remuneration Policy.</li> <li>The Nomination &amp; Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013.</li> <li>Nomination and Remuneration Policy of the Company forms part of the Board Report as <b>Annexure I</b>.</li> </ul>
Corporate Social Responsibility Committee	- Sachit Jain (Chairman) - Bal Krishan Choudhary - Munish Chandra Gupta	<ul style="list-style-type: none"> <li>Formulated and recommended CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to provisions of Schedule VII of the Companies Act, 2013 read with CSR Rules, 2014. The CSR policy may be accessed on the Company's website at the link: <a href="https://www.vardhman.com/user_files/investor/61a990114df67d8501b530691cbe89070be539571436265843.pdf">https://www.vardhman.com/user_files/investor/61a990114df67d8501b530691cbe89070be539571436265843.pdf</a></li> <li>During the year, the Company has spent ₹ 74.50 lakhs on CSR activities.</li> <li>The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as <b>Annexure III</b>.</li> </ul>
Stakeholders' Relationship Committee	- Munish Chandra Gupta (Chairman) - Bal Krishan Choudhary - Surinder Kumar Bansal	<ul style="list-style-type: none"> <li>The Committee reviews and ensures redressal of investor grievances.</li> <li>The Committee noted that during the year the Company received 2 complaints from Investors and the same had been resolved by the Company. There is no pendency in respect of shares received for transfer during 2018-2019 except those that are disputed/ sub-judice.</li> </ul>

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

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

Board Committees	Audit	CSR	Nomination & Remuneration	Stakeholders Relationship
<b>Meetings held</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>1</b>
Shri Paul Oswal	N.A.	N.A.	1	N.A.
Sachit Jain	N.A.	0	N.A.	N.A.
Darshan Lal Sharma	4	N.A.	N.A.	N.A.
Munish Chandra Gupta	4	2	1	1
Sanjit Paul Singh	4	N.A.	N.A.	N.A.
Apinder Sodhi	3	N.A.	N.A.	N.A.
Surinder Kumar Bansal	N.A.	N.A.	1	1
Bal Krishan Choudhary	N.A.	2	N.A.	1

\* Mrs. Apinder Sodhi was appointed as a member of the Audit Committee w.e.f. 03.05.2018.

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

### iii. Meeting of Independent Directors:

The meeting of Independent Directors of the Company for the Calendar Year 2018 was held on 27<sup>th</sup> October, 2018 to evaluate the performance of Non-Independent Directors of the Company, Chairman of the Company and the Board as a whole.

#### Performance Evaluation

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

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

#### Familiarisation programme for Independent Directors

The details of the Familiarisation Programme conducted for the Independent Director of the Company are available on the Company's website at the link: [https://www.vardhman.com/user\\_files/investor/VAL\\_Familisation%20program.pdf](https://www.vardhman.com/user_files/investor/VAL_Familisation%20program.pdf)

### iv. Core Skills/ Expertise/ Competence of the Board of Directors:-

The Board comprises of highly qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees.

The following skills/ expertise/ competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- Industry Experience
- Strategic Planning
- Leadership
- Operational Experience
- Financial Expertise
- Administrative Experience

## 4. DIRECTORS' REMUNERATION:

### i) Managing Director:

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

A detail of remuneration paid to the Managing Director during the Year 2018-19 is as given below:

(₹ in lakhs)

<b>Name</b>	Bal Krishan Choudhary
<b>Designation</b>	Managing Director
<b>Salary</b>	53.16
<b>Perquisites &amp; Allowances</b>	2.87
<b>Retirement Benefit</b>	-
<b>Commission</b>	29.40
<b>Performance Linked Incentive and criteria thereof</b>	-
<b>Stock Option details</b>	-

The tenure of office Mr. Bal Krishan Choudhary is 5 (Five) years from the date of his appointment and can be terminated by either party by giving three months notice in writing. There is no separate provision for payment of Severance fees.

**ii) Non-Executive Directors:**

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

The Non-Executive Directors are paid sitting fees @ ₹ 25,000/- per Board Meeting and @ ₹ 20,000/- per Committee Meeting. The detail of sitting fees paid to the Non-Executive Directors during the Financial Year 2018-19 is given hereunder:

S.NO.	NAME OF DIRECTOR	SITTING FEE (₹)
1.	Munish Chandra Gupta	2,80,000
2.	Sanjit Paul Singh	2,00,000
3.	Surinder Kumar Bansal	1,15,000
4.	Apinder Sodhi	1,80,000

**5. SHAREHOLDING DETAIL OF DIRECTORS AS ON 31.03.2019:**

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

S.NO.	NAME OF DIRECTOR	NUMBER OF SHARES HELD
1.	Shri Paul Oswal	10
2.	Sachit Jain	10
3.	Darshan Lal Sharma	2000

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

**6. GENERAL BODY MEETINGS:**

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

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
28 <sup>th</sup> Annual General Meeting for financial year ended 31 <sup>st</sup> March, 2018	Thursday, September 27, 2018 at 2:30 p.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	2
27 <sup>th</sup> Annual General Meeting for financial year ended 31 <sup>st</sup> March, 2017.	Friday, September 22, 2017 at 02:30 p.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	3
26 <sup>th</sup> Annual General Meeting for financial year ended 31 <sup>st</sup> March, 2016.	Monday, September 5, 2016 at 11:00 a.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	0

**Postal Ballot:** No Special Resolution has been passed by the Members of the Company through postal ballot during the financial year. Further, there is no immediate proposal for passing any resolution through Postal Ballot in the financial year 2019-20.

**7. DISCLOSURES:**

i. There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large. The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: [https://www.vardhman.com/user\\_files/investor/1c9ec9e9c9ce1b5b82aef9485050628bbd40d5551436265865.pdf](https://www.vardhman.com/user_files/investor/1c9ec9e9c9ce1b5b82aef9485050628bbd40d5551436265865.pdf)



- ii. There has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or Securities Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.
- iii. The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The policy on "Vigil Mechanism and Whistle Blower" may be accessed on the Company's website at the link [https://www.vardhman.com/user\\_files/investor/342a7263db1c05444c897e9056f0e1d9707cda151436265916.pdf](https://www.vardhman.com/user_files/investor/342a7263db1c05444c897e9056f0e1d9707cda151436265916.pdf)
- iv. Further, the Company has complied with all mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company may take up the non-mandatory requirements of the Listing Regulations in due course of time.
- v. The Company has complied with all the applicable requirements specified in Regulation 17 to 27 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. The Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct, as required under SEBI (Prohibition of Insider Trading) Regulations, 2015.
- vii. Risk Management Policy as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been duly formulated and approved by the Board of Directors of the Company. The aim of Risk Management Policy is to maximize opportunities in all activities and to minimize adversity.
- viii. The Company has no material subsidiary. The policy for determining 'material' subsidiary is available at Company's website at the link [https://www.vardhman.com/user\\_files/investor/VAL\\_Material\\_Subsiidiary%20Policy.pdf](https://www.vardhman.com/user_files/investor/VAL_Material_Subsiidiary%20Policy.pdf).
- ix. During the year, no complaint was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- x. During the year 2018-19, the Company had managed the foreign exchange risk and commodity price risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. The details of foreign currency exposure are disclosed in the Note No. 40 to the Financial Statements.
- xi. During the year the Company has not raised any funds through preferential allotment or qualified institutional placement.
- xii. A certificate from a Company Secretary in practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Companies by the Board/ Ministry of Corporate Affairs or any such statutory authority, forms part of this report.
- xiii. There is no such instance where the Board has not accepted any recommendation of any committee of the Board which is mandatorily required.
- xiv. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/entity of which statutory auditor is part is ₹ 3.66 lakhs.

## 8. MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Reports, publication of financial results, press releases in leading newspapers and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges and the Registrar of Companies. The Quarterly Financial Results are published in prominent daily newspapers viz., "Business Standard" and "Desh Sewak". The Financial Results of the Company are also made available at the Company's website i.e. [www.vardhman.com](http://www.vardhman.com).

### GENERAL INFORMATION FOR SHAREHOLDERS

#### i) 29<sup>th</sup> Annual General Meeting:

- Date : 30<sup>th</sup> September, 2019
- Time : 12:00 noon
- Venue : Regd. Office, Vardhman Premises,  
Chandigarh Road, Ludhiana-141 010.

**ii) Financial Calendar 2019-20 (Tentative)**

First Quarter Results	: August, 2019
Second Quarter Results	: October, 2019
Third Quarter Results	: February, 2020
Annual Results	: May, 2020

**iii) Dates of Book Closure** : 20<sup>th</sup> September, 2019 to 30<sup>th</sup> September, 2019 (both days inclusive)

**iv) Dividend payment date** : Within 30 days after declaration

**v) Listing** : The securities of the Company are listed on the following Stock Exchange

The National Stock Exchange of India Limited (NSE),  
"Exchange Plaza, Bandra-Kurla Complex,  
Bandra (East), Mumbai."

Listing fee, as applicable, has duly been paid to the Stock Exchange.

**vi) Stock Code:**

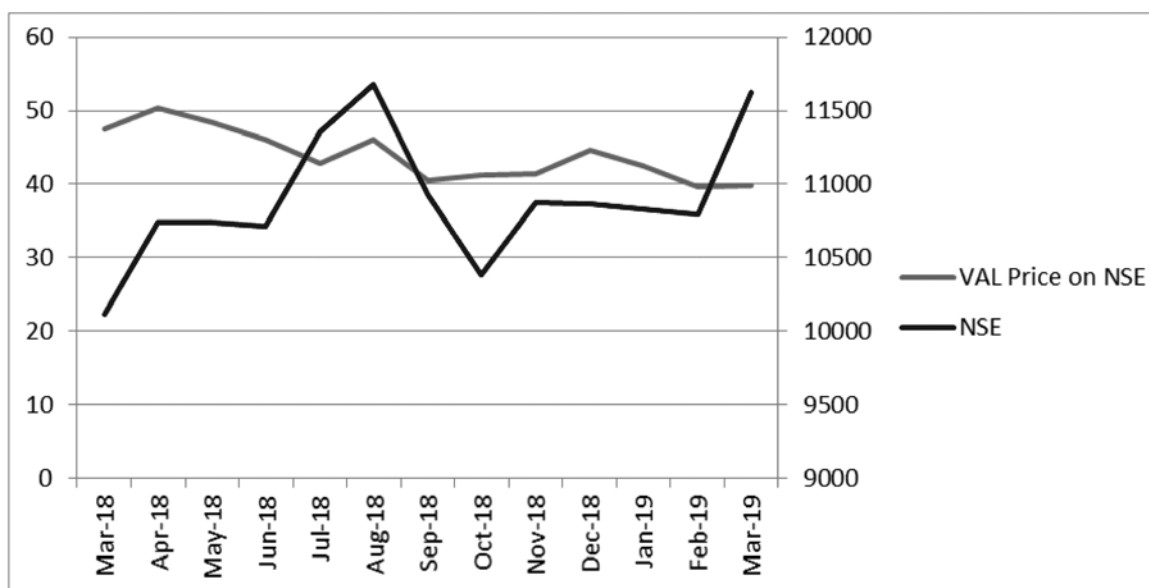
- The National Stock Exchange of India Limited : VARDHACRLC

**vii) Stock Market Data:**

The month-wise highest and lowest and closing stock prices of NSE during the Financial Year 2018-19 are given below:

Financial Year 2018-19	Share prices of the Company on NSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	% Change Over Last Month's Closing
April	52.70	47.10	50.35	5.89
May	53.75	46.25	48.45	-3.77
June	51.00	44.75	46.00	-5.06
July	50.40	41.75	42.85	-6.85
August	48.60	42.05	46.15	7.70
September	47.40	40.20	40.45	-12.35
October	42.95	35.95	41.30	2.10
November	43.80	39.15	41.50	0.48
December	44.95	37.50	44.65	7.59
January	48.00	40.35	42.45	-4.93
February	43.40	35.90	39.55	-6.83
March	47.80	36.80	39.80	0.63

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



ix) Registrar & Transfer Agent:

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

**M/s. MCS Share Transfer Agent Limited**

CIN: U67120WB2011PLC165872

A-209, 'C' Wing, 2nd Floor Gokul Industrial Estate, Sagbaug,  
Marol Co-op Industrial Area, Behind Times Square,  
Andheri (E), Mumbai-400059

PHONE NUMBERS: 022-28516020/023 FAX NO.: 022-28516021

Email id: subodh@mcsregistrars.com, subodh.mcssta@gmail.com, helpdesknum@mcsregistrars.com

x) Share Transfer System:

M/s. MCS Share Transfer Agent Ltd, Kolkata, is the Registrar and Share Transfer Agent of the Company. As per the arrangement with them, the list of valid transfers prepared by the Transfer Agents in respect of share transfer cases received by them and objections, if any, is placed before the Board of the Company.

The shares of the Company are traded on the Stock Exchange compulsorily in demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) of the Company is **INE116G01013**.

xi) Distribution of Shareholding as on 31<sup>st</sup> March, 2019:

Range of No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of Total Holders	% to Total Holders	Numbers of shares held	% to Total Shares
Upto-500	6,105	63.65	13,97,015	1.74
501-1000	1,613	16.82	14,77,259	1.84
1001-2000	737	7.68	12,39,329	1.54
2001-3000	309	3.22	8,25,868	1.03
3001-4000	151	1.57	5,51,454	0.68
4001-5000	183	1.91	8,90,740	1.11
5001-10000	234	2.44	18,22,618	2.27
10000 and Above	260	2.71	7,21,59,463	89.79
<b>TOTAL</b>	<b>9,592</b>	<b>100</b>	<b>8,03,63,746</b>	<b>100</b>

**xii) Dematerialisation of shares:**

On 31<sup>st</sup> March, 2019, 99.99% of the capital comprising 80,362,326 shares, out of total of 80,363,746 shares, were dematerialized.

**xiii) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion dates and likely impact on equity:**

The Company has not issued any GDRs/ADRs/Warrants or any Convertible instruments during the year.

**xiv) Plant Location:**

755, GIDC, MEGA ESTATE  
Jhagadia 393 110  
Distt. Bharuch, Gujarat.

**xv) Address for correspondence:**

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

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DP).

**xvi) List of credit ratings:**

The Company has obtained rating from CRISIL Limited during the financial year 2018-19. There has been no revision in the credit ratings during the financial year 2018-19. List of all credit ratings obtained by the Company during the year are as follows:

Particulars	Rating during FY 2018-19
Long Term Bank Facilities	CRISIL AA/ Stable (Reaffirmed)
Short Term Bank Facilities	CRISIL A1+ (Reaffirmed)

## CHAIRMAN'S DECLARATION

A. I, S.P. Oswal, Chairman of Vardhman Acrylics Limited, declare that all Board Members and Senior Management Personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2019.

Place: Ludhiana  
Dated: May 06, 2019

Sd/-  
S.P. Oswal  
Chairman

B. I, S.P. Oswal, Chairman of Vardhman Acrylics Limited, on behalf of the Board of Directors of the Company, hereby confirm that the Independent Directors of the Company fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

Place: Ludhiana  
Dated: May 06, 2019

Sd/-  
S.P. Oswal  
Chairman

## CERTIFICATE FROM PRACTISING COMPANY SECRETARIES

This certificate is issued pursuant to Clause 10 (i) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

This is to certify that on the basis of documents verified by us and explanations given to us by the Company, we hereby certify that none of the following directors on the Board of Vardhman Acrylics Limited ('the Company') have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any other Statutory Authority:

Sr. No.	Director Identification Number	Name of Director
1.	00121737	Mr. Shri Paul Oswal
2.	00746409	Mr. Sachit Jain
3.	00727581	Mr. Darshan Lal Sharma
4.	00307110	Mr. Bal Krishan Choudhary
5.	00619284	Mr. Sanjit Paul Singh
6.	00165583	Mr. Surinder Kumar Bansal
7.	01362556	Mr. Munish Chandra Gupta
8.	06642994	Mrs. Apinder Sodhi

**For Ashok K Singla & Associates**  
Company Secretaries,

**Ashok Singla**  
Proprietor

Membership No. 2004

Certificate of Practice No. 1942

**Place: Ludhiana**

**Date: May 06, 2019**

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,

The Members of Vardhman Acrylics Limited

We have examined the compliance of conditions of corporate governance by Vardhman Acrylics Limited (hereinafter referred "the Company"), for the year ended on 31<sup>st</sup> March, 2019 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Regulations, as applicable.

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

**For Ashok K Singla & Associates**  
(Company Secretaries)

**Ashok K Singla**  
Proprietor

FCS No. 2004

CP No. 1942

**Place: Ludhiana**

**Date: May 06, 2019**



## Independent Auditors' Report

To  
The Members of  
Vardhman Acrylics Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Vardhman Acrylics Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year ended, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made 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 audit opinion on the Financial Statements.

#### 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. We have determined that there are no key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the preparation of 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 Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a Director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A",

Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal

financial control over financial reporting of those companies, for reasons stated therein.

- (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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The company has disclosed the impact of pending litigations on its financial position in its Financial Statements. Refer Note 32 to the Financial Statements.
- ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

**(Sanjiv Mohan)**  
**Partner**  
**M. No. 086066**

**Place: Gurugram**  
**Date: May 06, 2019**

## **ANNEXURE – "A" TO THE INDEPENDENT AUDITORS REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Vardhman Acrylics Limited of even date)

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

We have audited the internal financial control over financial reporting of Vardhman Acrylics Limited ("the Company") as of 31<sup>st</sup> March 2019 in conjunction with our audit of Financial Statements of company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 judgment, 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 of the company.



## 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 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.

## Opinion

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**(Sanjiv Mohan)**  
**Partner**  
**M. No. 086066**

**Place: Gurugram**  
**Date: May 06, 2019**

## ANNEXURE – “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Vardhman Acrylics Limited of even date)

- (i) In respect of the Company's fixed assets:-
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a phased program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As part of this program, the management has physically verified certain fixed assets during the year. According to the information and explanations given to us, no discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deed of the immovable property is held in the name of the company.
- (ii) According to the information and explanations given to us, physical verification has been conducted by management at reasonable intervals in respect of finished goods, stores and spares and raw material, Further, stock in the possession and custody of third parties and stock in transit as at 31<sup>st</sup> March, 2019 has been verified by the management with reference to confirmation and statement of accounts or correspondence with the third party or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.
 

According to the information and explanations given to us, no discrepancies were noticed on such verification.
- (iii) According to the information and explanations given to us, we report that the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of paragraph 3(iii) of the Order are not applicable to the Company.
- (iv) 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 of grant of loans, making investments and providing guarantees, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits covered under the provisions of sections 73 to 76 and any other relevant provision of the Companies Act, 2013 and the rules framed

there under and therefore the provisions of the clause 3(v) of the order are not applicable to the company.

- (vi) We have broadly reviewed the cost records maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, service tax, duty of custom, duty of excise, value added tax, cess, sales tax

and other statutory dues applicable to it with the appropriate authorities.

- (b) According to the information and explanations given to us, no undisputed amounts in respect of statutory dues payable were outstanding as on the last day of the financial year concerned for a period of more than six months from the date they became payable as at 31<sup>st</sup> March, 2019.
- (c) According to the information and explanations given to us, there are no dues of duty of custom, duty of excise and entry tax which have not been deposited with the appropriate authorities on account of any dispute. However according to the information and explanations given to us, the following dues of service tax, value added tax, sales tax and income tax which have not been deposited by the company with the appropriate authorities on account of dispute.

Nature of Statute	Nature of Dues	Forum at which dispute is pending	Total Demand (In lakhs)	Paid under Protest (In lakhs)	Unpaid	Financial Year to which it relates
The Gujarat Vat Tax Act, 2003	VAT and CST	Joint Commissioner of Commercial Tax Appeal-2, Vadodara	203.20	25.04	178.16	2009-10
The Gujarat Vat Tax Act, 2003	VAT and CST	GVAT Tax Tribunal, Ahmedabad	132.54	20.00	112.54	2008-09
The Gujarat Vat Tax Act, 2003	VAT and CST	Joint Commissioner of Commercial Tax Appeal-2, Vadodara	43.27	-	43.27	2004-05 and 2005-06
The Punjab Vat Act, 2005	VAT and CST	VAT Tribunal, Punjab	10.47	2.62	7.85	2016-17
The Finance Act, 1994	Service tax	CESTAT Ahmedabad	3.55	0.85	2.70	2009-10 to 2013-14
The Finance Act, 1994	Service tax	Assistant Commissioner / Superintendent	34.72	-	34.72	2005-06 To 2009-10 and 2016-17 to 2017-18
The Income Tax Act, 1961	Income Tax	ITAT & CIT(A)	75.63	22.26	53.37	2011-12 to 2014-15

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution bank or government. The Company has not issued any debentures during the year or in the preceding year.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of the clause 3 (ix) of the Order is not applicable to the company.
- (x) According to the information and explanations given to us,

no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.

- (xi) According to information and explanation given to us and based on our examination of records of the company, the company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) According to the information and explanation given to us, the company is not a Nidhi Company. Therefore, the provisions of paragraph 3(xii) of the Order are not applicable to the company.

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

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

(xv) According to information and explanations given to us, and based on our examination of the records of the company, the company has not entered into non-cash

transactions with directors or person connected with them. Accordingly, provisions of paragraph 3 (xv) of the Order are not applicable to the company.

(xvi) According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi) of the order is not applicable to the company.

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

**(Sanjiv Mohan)**  
**Partner**  
**M. No. 086066**

**Place: Gurugram**  
**Date: May 06, 2019**



Vardhman

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019

(₹ in lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	3	5,158.79	5,472.39
(b) Capital work-in-progress		2.78	8.58
(c) Intangible Assets		-	-
(d) Financial Assets			
(i) Investments	4	5,834.46	11,816.82
(ii) Loans	5	0.03	0.33
(iii) Others financial assets		-	-
(e) Other non-current Assets	6	1,197.92	1,252.12
<b>Total of Non-current assets</b>		<b>12,193.98</b>	<b>18,550.24</b>
<b>2 Current assets</b>			
(a) Inventories	7	7,637.17	5,246.52
(b) Financial Assets			
(i) Investments	8	22,562.16	14,138.64
(ii) Trade receivables	9	1,560.29	2,021.89
(iii) Cash and Cash Equivalents	10	249.86	469.51
(iv) Short term Loans	11	0.74	2.28
(v) Other financial assets	12	30.16	11.90
(c) Current tax assets (net)		-	-
(d) Other current assets	13	1,097.65	858.98
<b>Total of Current assets</b>		<b>33,138.03</b>	<b>22,749.72</b>
<b>TOTAL OF ASSETS</b>		<b>45,332.01</b>	<b>41,299.96</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	14	8,036.37	8,036.37
(b) Other Equity		25,329.43	23,901.82
<b>Total of Equity</b>		<b>33,365.80</b>	<b>31,938.19</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Other financial liabilities		-	-
(b) Provisions	15	50.68	45.50
(c) Deferred tax liabilities (Net)	16	1,959.91	2,014.01
(d) Other non current liabilities	17	7.51	0.78
<b>Total of Non-current liabilities</b>		<b>2,018.10</b>	<b>2,060.29</b>
<b>2 Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	75.39	132.81
(ii) Trade payables	19		
(1) total outstanding dues of micro enterprises and small enterprises		30.10	39.69
(2) total outstanding dues of creditors other than micro enterprises and small enterprises		6,826.96	4,037.01
(iii) Other financial liabilities	20	597.66	550.75
(b) Other Current liabilities	21	104.26	164.15
(c) Provisions	21A	10.12	57.54
(d) Current tax liabilities (net)	22	2,303.62	2,319.53
<b>Total of Current liabilities</b>		<b>9,948.11</b>	<b>7,301.48</b>
<b>TOTAL OF EQUITY AND LIABILITIES</b>		<b>45,332.01</b>	<b>41,299.96</b>

See Accompanying Notes Forming Part of the Financial Statements

1 to 46

As per our report of even date attached

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

For and on behalf of the Board of Directors

Sanjiv Mohan  
Partner  
Membership No. 086066

Satin Katyal  
Company Secretary  
Membership No. A40578

Vivek Gupta  
Chief Financial Officer

B.K.Choudhary  
Managing Director  
DIN: 00307110

S.P. Oswal  
Chairman  
DIN: 00121737

Place: Gurugram  
Date: May 06, 2019

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ in lakhs)

Particulars	Note No	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Revenue from operations	23	39,196.35	32,692.59
Other income	24	2,474.68	2,056.29
<b>I. Total revenue</b>		<b>41,671.03</b>	<b>34,748.88</b>
<b>II. Expenses :</b>			
Cost of materials consumed	25	28,830.51	22,413.87
Purchases of stock-in-trade	26	437.43	135.05
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	488.22	52.91
Employee benefits expenses	28	1,457.34	1,440.50
Finance costs	29	43.97	73.06
Depreciation and amortization	3	539.79	472.64
Other expenses	30	5,200.67	5,501.71
<b>Total Expenses</b>		<b>36,997.93</b>	<b>30,089.74</b>
<b>III. Profit before tax</b>		<b>4,673.10</b>	<b>4,659.14</b>
<b>IV. Tax expense:</b>			
(1) Current tax		1,233.13	1,449.16
(2) Deferred tax		(8.79)	(647.26)
Total tax expense		1,224.34	801.90
<b>V Profit (Loss) for the period (III - IV)</b>		<b>3,448.76</b>	<b>3,857.24</b>
<b>VI Other Comprehensive Income</b>			
<b>A Items that will not be reclassified to profit or loss</b>			
Actuarial gain / (loss) on defined benefit obligation		1.31	(5.25)
Investments through other comprehensive income		(129.66)	(9.56)
Income taxes relating to items that will not be reclassified to profit or loss		(0.46)	1.82
Deferred taxes relating to items that will not be reclassified to profit or loss		45.31	3.31
<b>B Items that will be reclassified to profit or loss</b>			
Income tax relating to items that will be reclassified to profit or loss			
<b>VII Total Comprehensive Income for the period (V+VI)</b>		<b>3,365.26</b>	<b>3,847.56</b>
<b>Earnings per equity share</b>			
Basic - Par value of Rs. 10 per share		4.29	4.80
Diluted - Par value of Rs. 10 per share		4.29	4.80
<b>See Accompanying Notes Forming Part of the Financial Statements</b>	<b>1 to 46</b>		

As per our report of even date attached

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

Sanjiv Mohan  
Partner  
Membership No. 086066

Satin Katyal  
Company Secretary  
Membership No. A40578

Vivek Gupta  
Chief Financial Officer

B.K.Choudhary  
Managing Director  
DIN: 00307110

S.P. Oswal  
Chairman  
DIN: 00121737

Place: Gurugram  
Date: May 06, 2019

For and on behalf of the Board of Directors



Vardhmān

**CASH FLOW STATEMENT for the year ended 31<sup>st</sup> March, 2019**

(₹ in lakhs)

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Profit before tax</b>		<b>4673.10</b>		4659.14
<b>Adjustments for :</b>				
Depreciation and Amortization	539.79		472.64	
Interest paid	9.35		51.45	
Interest received	(51.71)		(142.60)	
(Profit)/Loss on sale of investment (net)	(238.98)		(843.36)	
Dividend on investments	(215.23)		(167.26)	
(Profit)/Loss on sale of assets (net)	-		(3.15)	
Assets written off	1.73		3.00	
Net Gain on fair valuation of investment at fair value through Profit and loss	(1,411.50)		(827.81)	
Bad debts written off / Excess Income Written off / Written off Dead items.	9.67		0.62	
Liabilities / Provisions no longer required written back	(164.06)	(1520.94)	(41.22)	(1497.69)
<b>Operating profit before working capital changes</b>		<b>3152.16</b>		3161.45
<b>Adjustments for working capital changes:</b>				
Decrease/(increase) in trade receivables	461.60		(1483.04)	
Decrease/(increase) in loans, other financial assets & other assets	(190.58)		157.84	
Decrease/(increase) in Inventories	(2390.65)		2697.26	
Increase/(decrease) in trade payables	2780.36		(2378.67)	
Increase/(decrease) in other financial liabilities & other liabilities	28.15		(217.64)	
Increase/(decrease) in provision for employee benefits	(41.39)	647.49	21.20	(1203.05)
<b>Cash generated from operations</b>		<b>3799.65</b>		1958.40
Income taxes paid	(1249.05)	(1,249.05)	(1649.45)	(1,649.45)
<b>Net cash generated from operating activities</b>		<b>2550.60</b>		308.95
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(231.56)		(169.36)	
Sale of property, plant and equipment	9.44		14.79	
Interest received	31.75		151.35	
Dividend received	215.23		167.26	
Sale of Investments in Mutual Funds/Liquid Funds/Debt Funds	10961.65		3473.96	
Purchase of Investments in Mutual Funds/Liquid Funds/Debt Funds	(11752.33)		(2968.42)	
(Increase)/Decrease in other balances with bank	(12.95)		(17.39)	
<b>Net cash from investing activities</b>		<b>(778.77)</b>		652.19
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds/(Repayment) from short - term borrowings	(57.42)		44.51	
Dividend paid on equity shares	(1,607.27)		(1,205.46)	
Tax on equity dividend paid	(330.38)		(245.40)	
Interest paid	(9.35)		(51.45)	
<b>Net cash used in financing activities</b>		<b>(2,004.42)</b>		(1,457.80)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(232.59)</b>		(496.66)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>409.29</b>		905.95
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>176.70</b>		409.29
See accompanying notes forming part of the financial statements				

As per our report of even date attached

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

For and on behalf of the Board of Directors

Sanjiv Mohan  
Partner  
Membership No. 086066

Satin Katyal  
Company Secretary  
Membership No. A40578

Vivek Gupta  
Chief Financial Officer

B.K.Choudhary  
Managing Director  
DIN: 00307110

S.P. Oswal  
Chairman  
DIN: 00121737

Place: Gurugram  
Date: May 06, 2019

## Statement of changes in equity

(₹ in lakhs)

Particulars	Equity Share Capital	OTHER EQUITY						Total equity attributable to equity holders of the company
		Reserves & Surplus				Items of other comprehensive income		
		Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income	
<b>Balance as of 1 April 2017</b>	<b>8,036.37</b>	<b>2,816.88</b>	-	<b>4,006.15</b>	<b>14,500.24</b>	<b>181.96</b>	<b>(0.11)</b>	<b>29,541.50</b>
Final Dividend for the year ended 31 March 2017 (₹ 1.50 per share)					(1,205.46)			(1,205.46)
Corporate dividend tax on above	-	-	-	-	(245.40)			(245.40)
Investments through other comprehensive income, net of tax effect						(6.25)		(6.25)
Actuarial gain / (loss) on defined benefit obligation, net of tax effect							(3.44)	(3.44)
Profit for the Year					3,857.24			3,857.24
<b>Balance as of 31 March 2018</b>	<b>8,036.37</b>	<b>2,816.88</b>	-	<b>4,006.15</b>	<b>16,906.62</b>	<b>175.71</b>	<b>(3.55)</b>	<b>31,938.19</b>

(₹ in lakhs)

Particulars	Equity Share Capital	OTHER EQUITY						Total equity attributable to equity holders of the company
		Reserves & Surplus				Items of other comprehensive income		
		Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income	
<b>Balance as of 1 April 2018</b>	<b>8,036.37</b>	<b>2,816.88</b>	-	<b>4,006.15</b>	<b>16,906.62</b>	<b>175.71</b>	<b>(3.55)</b>	<b>31,938.19</b>
Dividend for the year ended 31 March 2018 (₹ 2.00 per share)					(1,607.27)			(1,607.27)
Corporate dividend tax on above	-	-	-	-	(330.38)			(330.38)
Investments through other comprehensive income, net of tax effect						(84.35)		(84.35)
Actuarial gain/(loss) on defined benefit obligation, net of tax effect							0.85	0.85
Profit for the Year					3,448.76			3,448.76
<b>Balance as of 31 March 2019</b>	<b>8,036.37</b>	<b>2,816.88</b>	-	<b>4,006.15</b>	<b>18,417.73</b>	<b>91.36</b>	<b>(2.70)</b>	<b>33,365.80</b>

As per our report of even date attached

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

For and on behalf of the Board of Directors

Sanjiv Mohan  
Partner  
Membership No. 086066

Satin Katyal  
Company Secretary  
Membership No. A40578

Vivek Gupta  
Chief Financial Officer

B.K.Choudhary  
Managing Director  
DIN: 00307110

S.P. Oswal  
Chairman  
DIN: 00121737

Place: Gurugram  
Date: May 06, 2019

## Notes forming part of Financial Statements

### 1. CORPORATE AND GENERAL INFORMATION

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

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

The Board of Directors approved the Financial Statements for the year ended 31<sup>st</sup> March, 2019 and the authorised for issue on 06<sup>th</sup> May, 2019.

### 2. SIGNIFICANT ACCOUNTING POLICIES :

#### (a) Statement of Compliance

The standalone financial statement comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

#### (b) Basis of preparation of financial statements

The financial statements have been prepared on historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI).

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

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

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

#### (c) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires management to exercise judgments, make estimates and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. These estimates and assumptions are based on historical experiences and various factors that are believed to be reasonable under the circumstances. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The areas involving significant estimates and judgement include determination of useful life of Property, plant and equipment (Refer note 3), measurement of defined benefit obligations (Refer note 33), recognition and measurement of provisions and contingencies (Refer note 32) and recognition of deferred tax assets/liabilities (Refer note 38)

#### (d) Revenue Recognition

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

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant as the revenue is of short term nature and performance obligations are satisfied upon delivery of goods.

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



**i. Sale of Acrylic Fibre including Traded goods**

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

**ii. Interest income**

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

**iii. Dividend income**

Dividend income is recognized when the right to receive the payment is established.

**iv. Insurance and Other Claims**

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

**(d) Employee Benefits**

**i. Short term Employee Benefits :**

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

**ii. Provident Fund**

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

**iii. Superannuation**

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

**iv. Gratuity**

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

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

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

The actual return of portfolio of plan assets in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income.

**v. Compensated absences**

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

**(e) Property, Plant and Equipment**

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

Building - 30-60 years.

Plant and Machinery - 15-25 years.

Office Equipment - 5 Years

Computer Equipment - 3 years.

Furniture and fittings - 10 years

Vehicles excluding Motor cycles- 08 years.

Motor cycles – 10 years.

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other 'non-current assets' and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

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

**(f) Impairment of property, plant and equipment**

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU (Cash Generating unit) to which the asset belongs.

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

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

**(g) Intangible Assets**

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

**(h) Inventories**

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

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

**(i) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition or construction of items of Property, plant and equipment which necessarily takes substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**(j) Earnings per Share**

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

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

**(k) Taxes on Income**

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

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

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

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts.

**(l) Government Grants**

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

**(m) Foreign Currency Transactions**

**(i) Functional and Presentation currency**

The functional currency of the company is Indian rupee. These financial statements are presented in Indian rupees (rounded off to ₹ lakhs).

**(ii) Transaction and balances**

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the

foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

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

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

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

**(n) Dividends**

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

**(o) Leases**

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease under which the risks and rewards incidental to ownership are not transferred to lessee is classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the statement of profit and loss over the lease term.

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

**(p) Financial Instruments**

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

**i. Initial Recognition and measurement**

All financial assets and liabilities are initially recognized at fair value plus or minus transaction cost that are directly attributable to the acquisition or issue of financial asset or financial liability on initial recognition. Transaction cost that are directly attributable to the acquisition of financial assets or financial liabilities, that are carried at fair value through profit or loss are immediately recognized in the statement of profit or loss.

**ii. Subsequent measurement**

➤ **Non-derivative financial instruments**

**1. Financial assets carried at amortised cost**

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

**2. Financial assets at fair value through other comprehensive income**

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

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

through Other Comprehensive Income. The cumulative gain or loss is not reclassified to the Statement of Profit or loss on disposal of the investments.

### 3. Financial assets at fair value through profit or loss

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

### 4. Financial liabilities

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

#### ➤ Derivative financial instruments

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

#### ➤ Financial assets or financial liability at fair value through Profit or Loss

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

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

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

#### ➤ Cash Flow Hedge

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

#### ➤ Share capital

##### Equity Shares

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

##### Derecognition of financial instruments

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

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

##### Fair value measurement

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

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

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

**(q) Impairment of financial assets**

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

For Trade receivables, the Company provides for expected credit losses based on a simplified approach as per Ind AS 109 - Financial Instruments. Under this approach, expected credit losses are computed basis the probability of defaults over the lifetime of the asset.

**(r) Cash and cash equivalents**

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

**(s) Cash flow statement**

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

**(t) Provisions and Contingent liabilities:**

- Provisions are recognized if, as a result of past event, the company has a present obligation (legal or constructive), and it is probable that a cash outflow will be required to settle the obligation in respect of where a reliable estimate can be made.
- As the timing of outflows of resources is uncertain, being dependent upon the outcome of the future proceedings, these provisions are not discounted to their present value.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A possible obligation arising from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

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

Contingent assets are neither recognized nor disclosed in the financial statements

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

**(u) Recent accounting pronouncements**

**Ind AS 116 Leases :** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

**Amendment to Ind AS 12 – Income taxes :** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

**Amendment to Ind AS 19 – plan amendment, curtailment or settlement-** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date of application of this amendment is annual period beginning on or April 1, 2019.

### 3) Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2019 are as follows:

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

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2018 are as follows:

Particulars	(₹ in lakhs)					
	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office Equipment	Total
Gross Carrying Value as of April 1, 2017	1548.81	4922.25	11.43	83.01	103.54	6669.04
Additions	12.43	79.41	0.31	49.54	49.22	190.91
Deletions	(2.93)	(3.31)	0.00	(13.20)	(0.13)	(19.57)
<b>Gross Carrying Value as of March 31, 2018</b>	<b>1558.31</b>	<b>4998.36</b>	<b>11.74</b>	<b>119.35</b>	<b>152.63</b>	<b>6840.39</b>
Accumulated depreciation as of April 1, 2017	(127.61)	(726.06)	(2.77)	(21.33)	(22.50)	(900.27)
Depreciation	(64.77)	(380.50)	(1.57)	(10.72)	(15.08)	(472.64)
Accumulated depreciation on deletions	0.00	0.31	0.00	4.57	0.04	4.92
<b>Accumulated depreciation as of March 31, 2018</b>	<b>(192.38)</b>	<b>(1106.26)</b>	<b>(4.34)</b>	<b>(27.48)</b>	<b>(37.54)</b>	<b>(1368.00)</b>
<b>Carrying Value as of March 31, 2018</b>	<b>1365.93</b>	<b>3892.10</b>	<b>7.40</b>	<b>91.87</b>	<b>115.09</b>	<b>5472.39</b>
Carrying Value as of April 1, 2017	1421.20	4196.19	8.66	61.68	81.03	5768.76

### 4) Non current investments

PARTICULARS	As at 31.03.2019 ₹ In lakhs	As at 31.03.2018 ₹ In lakhs
<b>Investments at Fair value through OCI</b>		
Non trade		
Equity Shares ( Unquoted )		
1,647,525 (31 March 2018: 1,647,525) Equity Shares of Narmada clean Tech (formerly known as Bharuch Eco-Aqua Infrastructure Ltd. of ₹10/- each fully paid up.)	303.80	433.46
<b>Investments at Fair value through Profit or loss</b>		
(Quoted)		
Investment in Bonds		
* Nil (31 March 2018 : 100) Units of ₹ 1,000,000 / each of JM Financial Products Limited TR-BE-XX Opt IA & IB BR NCD 29NV19 FVRS10LAC	-	1,014.53
* Nil (31 March 2018 : 150) Units of ₹ 1,000,000 / each of JM Financial Products Limited TR-BL-IV OPT III BR NCD 16DC19 FVRS10LAC	-	1,523.21



* Nil (31 March 2018 : 6000) Units of ₹ 100,000 / each of ECAP Equities Limited SR-J9J701A NCD 24MR20 FVRS1LAC	-	6,219.00
<b>Investments in Mutual Funds; Debt Funds; Fixed Maturity plans</b>		
(Quoted)		
Investment in Mutual Fund		
26,000,000 (31 March 2018: 26,000,000) Units of ₹ 10/- each of HDFC FMP1150D March 2018 (1) Direct Growth Series -39	2,823.96	2,626.62
25,000,000 (31 March 2018: Nil) Units of ₹ 10/- each of SBI SDFC C - 16 (1100 Days) Direct Growth	2,706.70	-
<b>Total</b>	<b>5,834.46</b>	<b>11,816.82</b>
Aggregate amount of quoted investments	5,530.66	11,383.36
Aggregate market value of quoted investments	5,530.66	11,383.36
Aggregate amount of unquoted investments	303.80	433.46
Aggregate amount of impairment in value of investments	-	-
<b>* Shown as current as on 31/03/2019, maturity within 12 months</b>		
<b>5) Loans - Non current</b>		
<b>Financial assets at amortized cost</b>		
<b>Loans receivables considered good - Unsecured</b>		
- Loans to employees	0.03	0.33
	<b>7,637.17</b>	<b>5,246.52</b>
<b>6) Other Non Current Assets</b>		
Security deposits	47.54	89.52
Deferred Expense for Employee benefit	0.01	0.05
Prepayments of lease hold land premium	1,147.11	1,162.55
Prepaid Expenses	3.26	-
	<b>1,197.92</b>	<b>1,252.12</b>
<b>7) Inventories (at cost or net realizable value, whichever is lower)</b>		
Raw Materials	2,317.14	1,917.93
Raw Materials in transit	3,579.61	1,186.61
Finished Goods	577.47	865.02
Work In Progress	213.09	413.76
Stores and Spares	949.86	863.20
	<b>7,637.17</b>	<b>5,246.52</b>
<b>The amount of inventory recognised as an expense during the year is ₹ 31,919.41 lakhs (Previous year ₹ 25,339.30)</b>		
<b>8) Current Investments</b>		
<b>Investments at Fair value through Profit or loss</b>		
(Quoted)		
Investments in Preference Shares		
5,00,000 (31 March 2018: 5,00,000) Preference Shares of ₹ 100/- each of L& T Redemable Preference Shares	497.78	508.28
Nil (31 March 2018: 11,350,000) Units of ₹ 8/- each of 6% Zee Entertainment Enterprises Limited Preference shares	-	862.60
(Quoted)		
(i) Investment in Bonds/Debentures		
3,000 (31 March 2018 : Nil) Units of ₹ 1,00,000 / each of IIFL Wealth Finance Ltd JM Financial Products Limited TR-BE-XX Opt IA & IB BR NCD 29NV19 FVRS10LAC	3,298.23	-
* 100 (31 March 2018 : Nil) Units of ₹ 1,00,000 / each of JM Financial Products Limited TR-BE-XX Opt IA & IB BR NCD 29NV19 FVRS10LAC	1,100.41	-

Nil (31 March 2018 : 94) Units of ₹ 1,000,000/ each of JM Financial Products Limited Tranche-AU BR NCD 10DC18 FVRS10LAC - 1,003.26

\* 150 (31 March 2018 : Nil) Units of ₹1,000,000 / each of JM Financial Products Limited TR-BL-IV OPT III BR NCD 16DC19 FVRS10LAC **1,634.37** -

\* 6000 (31 March 2018 : Nil) Units of ₹100,000 / each of ECAP Equities Limited SR-J9J701A NCD 24MR20 FVRS1LAC **6,652.20** -

(ii) Investment in Mutual Funds

Nil (31 March 2018: 21,320,689) Units of ₹10/- each of Edelweiss banking (earlier known as JP Morgan Indian banking) and PSU debt fund -Direct plan-Growth option - 3,107.43

Nil (31 March 2018: 96,90,611) Units of ₹10/ each of Edelweiss Bond (earlier knows as JP Morgan Indian active bond fund -Direct plan) Growth option - 1,818.52

Nil (31 March 2018: 3,335,393) Units of ₹ 10/ each of IDFC Dynamic bond fund - Growth -Direct plan - 720.78

Nil (31 March 2018 : 22,443) Units of ₹1,000 /- each of SBI PLF- Dir Plan Growth - 611.44

19,974,912 (31 March 2018 : 19,974,912) Units of ₹ 10 / each of L & T Resurgent India Corporate Bond Fund Direct Growth **2,817.36** 2,668.71

Nil (31 March 2018: 22,443) Units of ₹1000/- each of Principal Cash Management Fund - Direct Plan Growth - 200.34

Nil (31 March 2018: 16,592) Units of ₹ 1000/- each of Kotak Floater - Direct Plan - Growth - 473.18

Nil (31 March 2018: 13,854,704) Units of ₹ 10/- each of Axis Enhanced Arbitrage Fund Direct Dividend - 1,514.40

Nil (31 March 2018: 5,000,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXII-VI Growth Plan - 649.70

13,860,137 (31 March 2018: Nil) Units of ₹ 10/- each of ICICI Equity Arbitrage Fund - Direct Dividend **2,008.53** -

67,698 (31 March 2018: Nil) Units of ₹ 1000/- each of SBI Liquid Fund Direct Growth **1,982.60** -

20,839 (31 March 2018: Nil) Units of ₹ 1000/- each of SBI Magnum Low Duration Fund Direct Growth **506.66** -

14,545,667 (31 March 2018: Nil) Units of ₹ 10/- each of SBI Arbitrage Opportunities-Direct Dividend **2,064.02** -

**22,562.16** 14,138.64

Aggregate amount of quoted investments 22,562.16 14,138.64

Market value of quoted investments 22,562.16 14,138.64

**\* Shown as current as on 31/03/2019, maturity within 12 months. Previous year non current investment**

9) **Trade receivables**

- Trade receivables considered good - secured - -

- Trade receivables considered good - unsecured **1,560.29** 2,021.89

- Trade receivables which have significant increase in credit risk - -

- Trade receivables - credit impaired **4.84** 4.84

Less: Allowances for doubtful trade receivables **(4.84)** (4.84)

**1,560.29** 2,021.89

10) **Cash and cash equivalents**

Cash in hand **0.06** 0.22

Balance with banks :

- In current and deposit accounts **176.64** 409.07

**176.70** 409.29

Other balances with banks				
-Unpaid dividend accounts		37.64		26.93
- Margin money deposits against guarantees		35.52		33.28
		73.16		60.21
		249.86		469.51
<b>11) Loans</b>				
<b>Financial assets at amortized cost</b>		-		-
<b>Loans receivables considered good - Unsecured</b>				
- Loans to employees		0.74		2.28
		0.74		2.28
<b>12) Other financial assets</b>				
<b>Financial assets at amortized cost</b>				
- Interest Accrued but not due		20.22		0.26
- Advances to employees		5.86		5.42
- Others		4.08		6.22
		30.16		11.90
<b>13) Other current assets</b>				
<i>(Unsecured considered good, unless otherwise stated)</i>				
Advances to Suppliers				
- For supply of goods and rendering of services		637.47		327.80
Prepaid expenses		54.49		29.53
Balances and Deposits with Government Authorities or Others		390.24		486.12
Deferred Expense for Employee benefits		0.02		0.10
Prepayments of Lease hold land premium		15.43		15.43
		1,097.65		858.98
<b>14) Equity Share Capital</b>				
<b>Particulars</b>				
<b>Authorised</b>				
Equity Shares, ₹ 10/- par value				
150,000,000 '(Previous Year '150,000,000 )		15,000.00		15,000.00
		15,000.00		15,000.00
<b>Issued, Subscribed and Paid-up</b>				
Equity Shares, ₹ 10/- par value				
80,363,746 (Previous Year 80,363,746) equity shares fully paid up		8,036.37		8,036.37
<b>Total issued, subscribed and fully paid-up share capital</b>		8,036.37		8,036.37

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

Particulars	As at 31.03.2019		As at 31.03.2018	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
At the beginning of the period	80,363,746	8,036.37	80,363,746	8,036.37
Outstanding at the end of period	80,363,746	8,036.37	80,363,746	8,036.37

**(b) Terms/ rights attached to equity shares**

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

Particulars	As at 31.03.2019 (₹ in lakhs)	As at 31.03.2018 (₹ in lakhs)
Vardhman Textiles Limited, the holding Company 5,68,51,144 (previous year 5,68,51,144) Equity Shares of ₹10/- each fully paid	<b>5,685.51</b>	5,685.51
VTL Investments Limited, the fellow subsidiary of Company 70,330 (previous year 70,330) Equity Shares of ₹10/- each fully paid	<b>7.03</b>	7.03

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

Names of Shareholders	As at 31.03.2019		As at 31.03.2018	
	No. of shares	% of Shareholding	No. of shares	% of Shareholding
Vardhman Textiles Ltd.	<b>56,851,144</b>	70.74	56,851,144	70.74

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**(e) Aggregate Number and Class of shares bought back in the period of five year immediately preceding year March 31, 2019**

Year	Number of Shares	Class of Shares
Financial Year 2017-18	-	-
Financial Year 2016-17	12,644,090	Equity Shares
Financial Year 2015-16	-	-
Financial Year 2014-15	-	-
Financial Year 2013-14	1,618,512	Equity Shares

PARTICULARS	(₹ In lakhs)	
	As at 31.03.2019	As at 31.03.2018
<b>15 Provisions (Non-Current)</b>		
<b>Provision for employee benefits</b>		
- Provision for compensated absences	50.68	45.50
	<b>50.68</b>	45.50
<b>16 Deferred tax liabilities (net) - Refer note no - 38</b>		
Deferred tax liabilities (net)	<b>1,959.91</b>	2,014.01
	<b>1,959.91</b>	2,014.01
<b>17 Other Non Current liabilities</b>		
- Other liabilities	<b>7.51</b>	0.78
	<b>7.51</b>	0.78
<b>18 Short-term borrowings</b>		
Secured :		
Cash credit from banks (secured)*	<b>75.39</b>	132.81
	<b>75.39</b>	132.81

\* Cash credit from banks is secured by hypothecation of entire present and future tangible current assets and second charge on all movable assets.

<b>19 Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 42)	30.10	39.69
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,826.96	4,037.01
	<b>6,857.06</b>	4,076.70
<b>20 Other financial Current liabilities :</b>		
<b>Financial liabilities at amortized cost</b>		
- Unpaid Dividend*	<b>37.64</b>	26.93
- Salaries and benefits	<b>170.14</b>	174.63
- Others	<b>236.95</b>	349.19
<b>Financial liabilities at Fair value through Profit or Loss</b>		
- Derivative Financial Instruments	<b>152.93</b>	-
	<b>597.66</b>	550.75
* Unpaid dividend does not include any amount due and outstanding required to be credited to the Investors Education and Protection Fund.		
<b>21 Other current liabilities</b>		
- Securities Received	<b>3.00</b>	3.30
- Withholding and other tax payables	<b>55.46</b>	65.96
- Trade deposits and advances	<b>25.64</b>	74.60
- Others	<b>20.16</b>	20.29
	<b>104.26</b>	164.15
<b>21A Employee benefits</b>		
- Gratuity	-	38.04
- Compensated absences	<b>10.12</b>	19.50
	<b>10.12</b>	57.54
<b>22 Current tax liabilities (net)</b>		
- Provision for taxation (Net of advance taxes 13,197.82 lakhs, Previous year 11,948.32 lakhs )	<b>2,303.62</b>	2,319.53
	<b>2,303.62</b>	2,319.53

<b>23 Revenue from operations</b>		<b>(₹ In lakhs)</b>
<b>Particulars</b>	<b>Year ended 31 March, 2019</b>	<b>Year ended 31 March, 2018</b>
Sale of products		
Finished Goods (Fibre & Tow)	<b>38,719.93</b>	32,530.09
Trading Goods (Fibre)	-	138.39
Trading Goods (Acrylonitrile)	<b>449.79</b>	-
Other Operating Revenue	<b>26.63</b>	24.11
	<b>39,196.35</b>	32,692.59

<b>24 Other Income</b>		
Interest income on financial assets carried at amortized cost	51.71	142.60
Dividend income on investments carried at fair value - -through Profit and loss	215.23	167.26
Net Gain on sale of investment carried at fair value through Profit and loss (Net of reversal of fair valuation gain on sale on investments)	238.98	843.36
Net Gain on investments carried at fair value through profit or loss	1,411.50	827.81
Insurance claims received	1.05	2.03
Sundry balances/Liabilities / Provisions no longer required, written back/off (net).	164.06	41.22
Other non operating income	5.44	1.16
Net Gain on disposal of property plant and Equipment	-	3.15
Net foreign exchange gain	386.61	27.48
Other financial assets carried at amortized cost	0.10	0.22
	<b>2,474.68</b>	<b>2,056.29</b>
<b>25 Cost of Materials Consumed</b>		
Inventory at the beginning of the year	1,917.93	1,579.85
Add : Purchases	29,229.72	22,751.95
	<b>31,147.65</b>	<b>24,331.80</b>
Less: inventory at the end of the year	2,317.14	1,917.93
* Cost of raw material and components consumed	<b>28,830.51</b>	<b>22,413.87</b>
<b>Raw materials consumed (Major Heads)</b>		
Acrylonitrile	26,668.76	20,697.38
Vinyl Acetate Monomer	1,565.16	1,168.78
Others	596.59	547.70
	<b>28,830.51</b>	<b>22,413.86</b>
<b>26 Purchases Of Stock-In-Trade</b>		
Acrylic Fibre	-	135.05
Acrylonitrile	437.43	-
	<b>437.43</b>	<b>135.05</b>
<b>27 Changes In Inventories Of Finished Goods, Work-In-Progress And Stock In Trade</b>		
Inventories at the beginning of the year		
Work-in-Process	413.76	202.36
Finished Goods	865.02	1,285.78
	<b>1,278.78</b>	<b>1,488.14</b>
Less - Inventories at the end of the year		
Work-in-Process	213.09	413.76
Finished Goods	577.47	865.02
	<b>790.56</b>	<b>1,278.78</b>
<b>Net (increase) / decrease in opening and closing stock</b>	<b>488.22</b>	<b>209.36</b>
<b>Net movement in excise duty on finished goods</b>	-	(156.45)
	<b>488.22</b>	<b>52.91</b>
<b>Stock Particulars of Finished Goods</b>		
Fibre & Tow	415.05	579.09
<b>28 Employee Benefits</b>		
Salaries, wages and other allowances	1,350.67	1,336.40
Amortization of Deferred Employee benefits	0.10	0.22
Contribution to Provident and other funds	73.56	73.74
Staff welfare expense	33.01	30.14
	<b>1,457.34</b>	<b>1,440.50</b>

**29 Finance Costs**

Interest on

- Working capital and others

Other borrowing cost

9.35

51.45

34.62

21.61

43.97

73.06

**30 Other Expenses**

Power and fuel

2,397.41

2,179.56

Water charges

275.70

259.28

Consumption of stores and spares

412.14

376.85

Repair and maintenance

-Machinery

451.10

429.88

-Building

89.73

51.34

-Other

9.60

6.33

Rent

15.43

18.21

Rates and Taxes

407.53

406.96

Insurance

22.60

21.21

**Payment to auditor**

Audit fee

2.50

2.20

Tax audit fee

0.50

0.40

Reimbursement of expenses

1.94

0.82

In other capacity

0.30

0.13

Legal and professional

23.13

46.70

Travelling and conveyance

34.83

30.92

Printing and Stationery

9.24

9.44

Postage, telegram and telephones

5.83

9.68

Bad debts written off / Excess Income Written off

9.67

0.62

Net Loss on sale of Plant property and Equipment

1.07

-

Property, Plant and Equipment discarded

1.73

3.00

Expenditure of CSR activities (refer note 43)

74.50

34.11

Allocation of common corporate expenses

85.94

83.14

Excise duty on sales (Refer Note 44)

-

731.03

Recruitment expenses

8.37

10.95

Miscellaneous expenses

70.00

61.22

Selling expenses

789.88

727.73

5,200.67

5,501.71

**31 Disclosures of Financial instruments**

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

As at 31st March, 2019

(₹ in lakhs)

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		

**Assets:**

Long term investments

5,530.66

303.80

5,834.46

5,834.46

Long term loans

0.03

0.03

0.03

Other financial non-current assets

-

-

-

Current Investments		22,562.16		22,562.16	22,562.16
Trade receivables	1,560.29			1,560.29	1,560.29
Cash and bank balances	249.86			249.86	249.86
Short term loans	0.74			0.74	0.74
Other financial current assets	30.16			30.16	30.16
<b>Total</b>	<b>1,841.08</b>	<b>-</b>	<b>28,092.82</b>	<b>303.80</b>	<b>-</b>

**Liabilities:**

Long term borrowings				-	-
Short term borrowings	75.39			75.39	75.39
Trade Payables	6,857.06			6,857.06	6,857.06
Other financial current liabilities	444.73		-	444.73	444.73
<b>Total</b>	<b>7,377.18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at 31st March, 2018

(₹ in lakhs)

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Assets:</b>							
Long term investments			11,383.36	433.46		11,816.82	11,816.82
Long term loans	0.33					0.33	0.33
Other financial non-current assets	-					-	-
Current Investments			14,138.64			14,138.64	14,138.64
Trade receivables	2,021.89					2,021.89	2,021.89
Cash and bank balances	469.51					469.51	469.51
Short term loans	2.28					2.28	2.28
Other financial current assets	11.90					11.90	11.90
<b>Total</b>	<b>2,505.91</b>	<b>-</b>	<b>25,522.00</b>	<b>433.46</b>	<b>-</b>	<b>28,461.37</b>	<b>28,461.37</b>

**Liabilities:**

Long term borrowings						-	-
Short term borrowings	132.81					132.81	132.81
Trade Payables	4,076.70					4,076.70	4,076.70
Other financial current liabilities	550.75		-			550.75	550.75
<b>Total</b>	<b>4,760.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,760.26</b>	<b>4,760.26</b>

**(b) Basis of Fair value of Financial assets and liabilities****(i) Fair Value hierarchy**

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

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

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



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

As at 31<sup>st</sup> March, 2019 (₹ in lakhs)

Particulars	Fair Value As at 31 <sup>st</sup> March 2019	Fair Value measurement using		
		Level 1	Level 2	Level 3
<b>Long term Investments</b>				
Fair Value through Profit and Loss	5,530.66	-	5,530.66	
Fair Value through Other Comprehensive Income (OCI)	303.80			303.80
<b>Current Investments</b>				
Fair Value through Profit and Loss	22,562.17	9,379.17	13,183.00	
<b>Other financial current liabilities</b>				
-Derivative financial instruments	152.93		152.93	

As at 31<sup>st</sup> March, 2018 (₹ in lakhs)

Particulars	Fair Value As at 31 <sup>st</sup> March, 2018	Fair Value measurement using		
		Level 1	Level 2	Level 3
<b>Long term Investments</b>				
Fair Value through Profit and Loss	11,383.36	11,383.36		
Fair Value through Other Comprehensive Income (OCI)	433.46			433.46
<b>Current Investments</b>				
Fair Value through Profit and Loss	14,138.64	14,138.64		
<b>Other financial current liabilities</b>				
-Derivative financial instruments	-			

### 32. Contingent Liabilities and Commitments:

#### A. Contingent Liabilities

- a) Claims against the company not acknowledged as debt in respect of direct and indirect taxes amounted to ₹ 503.38 lakhs (previous year ₹ 455.00 lakhs). These matters are pending before various Appellate authorities. According to the management and tax advisors the demand raised is not in accordance with the provisions of respective laws and its ultimate resolution will not have a material adverse effect on the company financial position and result of operations.

Amount paid to statutory authorities against above tax claims amounted to ₹ 70.77 lakhs (previous year ₹ 48.74 lakhs) and has been shown under the head Other Current Assets (Balances and Deposits with Government Authorities or Others).

- b) Liability on account of outstanding bank guarantees and letter of credit of ₹ 372.75 lakhs (previous year ₹ 2790.89 lakhs).

#### B. Commitments

	Financial Year 2018-19 (₹ in lakhs)	Financial Year 2017-18 (₹ in lakhs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	398.14	44.77

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

#### 33.1 Defined Contribution Plans:

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Superannuation fund	6.17	6.09
Provident fund administered through Regional Provident Fund Commissioner	67.39	67.65

The expenses incurred on account of the above defined contribution plans have been included in Note No. 28 "Employee Benefits Expenses" under the head "Contribution to provident and other funds"

**33.2 Defined Benefit Plan:**

The following tables set out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2019 and March 31, 2018

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

Particulars	( ₹ in lakhs)	
	As at March 31, 2019	As at March 31, 2018
Present value of defined obligation, as at the beginning of the year	189.50	145.98
Current service cost	18.91	18.24
Interest cost	14.61	11.01
Actuarial (gain)/ loss	(0.15)	1.07
Actual Benefits Paid	(26.39)	(4.27)
Past service cost including curtailment gains / losses	-	17.47
Present value of defined benefit obligation at the end of the year	196.48	189.50

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

Particulars	( ₹ in lakhs)	
	As at March 31, 2019	As at March 31, 2018
Fair Value of Plan Assets, as at beginning of the year	151.44	126.96
Expected return on Plan Assets	11.68	9.57
Contribution by the employer	38.20	19.10
Return on plan assets, greater/(lesser) than expected return	1.16	(4.19)
Actual Benefits Paid	(0.06)	(0.00)
Fair Value of Plan Assets, as at end of the year	202.42	151.44

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

Particulars	( ₹ in lakhs)	
	As at March 31, 2019	As at March 31, 2018
Present Value of the obligation at end of the year	196.46	189.48
Fair value of plan assets	202.42	151.44
Unfunded Liability/provision in Balance Sheet	5.96	(38.04)

- d. Constitution of plan assets

Particulars	( ₹ in lakhs)	
	As at March 31, 2019	As at March 31, 2018
<b>Quoted:</b>		
Corporate Bonds	68.45	58.36
Government of India Securities	0.00	0.00
State government/State government guaranteed securities	94.36	70.23
Mutual funds	27.10	20.29
<b>Unquoted:</b>		
Cash at bank and receivables	12.51	2.56
<b>Total plan assets</b>	<b>202.42</b>	<b>151.44</b>

e. Amount recognized in statement of profit and loss

(₹ in lakhs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Total service cost	18.91	35.71
Interest cost (Net)	2.93	1.43
Amount recognized in the Statement of Profit and Loss	21.84	37.14

f. Amount recognized in other comprehensive income (OCI):

(₹ in lakhs)		
Particulars	As at March 31, 2019	As at March 31, 2018
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	0.73	(1.92)
Actuarial (Gain)/Loss on arising from Experience Adjustment	(0.89)	2.98
Actuarial (gain)/loss on assets	(1.16)	4.19
Net (Income)/Expense for the period recognized in OCI	(1.31)	5.26

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

(₹ in lakhs)		
Particulars	Financial Year 2018-19	Financial Year 2017-18
<b>Discount Rate</b>		
0.50% Increase	(6.03)	(5.45)
0.50% decrease	6.45	5.85
<b>Future Salary increase</b>		
0.50% Increase	6.53	5.92
0.50% decrease	(6.15)	(5.57)

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

h. Maturity profile of Defined benefit Obligations:

(₹ in lakhs)		
Year	Year ended 31 March, 2019	Year ended 31 March, 2018
0 to 1 Year	49.99	61.48
1 to 2 Year	7.28	6.53
2 to 3 Year	7.12	6.74
3 to 4 Year	6.91	6.15
4 to 5 Year	6.72	6.73
5 to 6 Year	6.46	5.58
6 Year onwards	111.97	96.26

i. The average duration of the defined benefit plan obligation at the end of the reporting period is 12.84 years (31<sup>st</sup> March, 2018: 12.91 years)

j. The expected contribution to the trust during the next year is ₹ 20.50 lakhs (previous year ₹ 22.25 lakhs).

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

Particulars	As at March 31, 2019	As at March 31, 2018
Discount Rate (per annum)	7.65	7.71
Weighted average rate of increase in compensation levels	6.00	6.00
Retirement Age (Years)	58	58
Method Used	Projected Unit Credit Method	Projected Unit Credit Method
Mortality rates inclusive of provision for disability	100% of IALM (2006 - 08)	
Attrition at Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	5.00	5.00
From 31 to 44 years	5.00	5.00
Above 44 years	5.00	5.00

Mortality & Morbidity rates - 100% of IALM (2006-08) rates have been assumed which also includes the allowance for disability benefits

### 33.3 Other long term employee benefit

- (i) Amount recognised in profit and loss in Note No. 28 "Employee benefit expense" under the head "Salaries, wages and other allowances" towards leave encashment is ₹ 9.12 lakhs (Previous year ₹13.96 lakhs).
- (ii) The amount payable as at the end of the reporting period is as under:

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Current	10.12	19.50
Non-Current	50.68	45.50

### 34. Segment reporting

Segment Reporting based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity falls within a single operating segment, namely manufacturing of "Acrylic Fibre and Tow". Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Information by Geographies

- (i) Revenue from external customers

Particulars	(₹ in lakhs)	
	Financial Year 2018-19	Financial Year 2017-18
India	38,719.93	32,530.09
Outside India	-	-

- (ii) The company has business operations only in India and does not hold any assets outside India.

#### Revenue from major customers

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

Particulars	(₹ in lakhs)	
	Financial Year 2018-19	Financial Year 2017-18
- Amount of sales	15,953.58	11,437.40

**35. Related Party Disclosure:**

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

Related party and their relationship:-

**(a) Key Management personnel**

- (i) Executive Director Mr. B.K. Choudhary
- (ii) Non-Executive Directors and Independent Directors Ms. Apinder Sodhi  
Mr. Munish Chandra Gupta  
Mr. Sanjit Paul Singh  
Mr. Surinder Kumar Bansal
- (iii) Non-Executive Directors and Non-Independent Directors Mr. S.P.Oswal  
Mr. D L Sharma  
Mr. Sachit Jain
- (iv) Chief Financial Officer Mr Vivek Gupta
- (v) Company Secretary Mr. Ankur Gauba (upto 30.03.2019)

**b) Other related parties**

S.No.	Nature of relationship	Name of related party
1	Holding Company	Vardhman Textiles Limited
2	Fellow Subsidiary Company	VMT Spinning Company Limited VTL Investments Limited Vardhman Nisshinbo Garments Company Limited *
3	Joint Venture of Holding Co.	Vardhman Nisshinbo Garments Company Limited *
4	Associate of Holding Company	Vardhman Yarns and Threads Limited Vardhman Spinning and General Mills Limited Vardhman Special Steels Limited

**\*Joint Venture of Holding Company upto 23<sup>rd</sup> January, 2019 Thereafter Fellow Subsidiary Company.**

**(c) S.No. Post-Employment benefit/plans trust**

**VAL GRATUITY TRUST FUND**

Sr. No.	Particulars	Holding Company		Fellow Subsidiary Company		Key Management Personnel (KMP)		Total	
		Current year	Previous year	Current year	Previous Year	Current year	Previous Year	Current year	Previous year
1	Sale of goods (Net of discount)	10,793.65	8,605.48					10,793.65	8,605.48
2	Purchase of goods	9.17	6.13					9.17	6.13
3	Purchase of MEIS Licenses	18.38	-	10.73				29.10	-
4	Reimbursement of Common Corporate Expense**	75.97	77.11					75.97	77.11

5	Interest Received on Current Account balances	0.67	1.74					0.67	1.74
6	***Contractual remuneration					132.20	126.59	132.20	126.59
6a	***Contractual remuneration payable as on last day of financial year					21.89	21.66	21.89	21.66
7	Rent paid **	-	2.75					-	2.75
8	Dividend paid	1,137.02	852.77					1,137.02	852.77
9	Reimbursement of Expenses paid	0.52	4.27					0.52	4.27
10	Reimbursement of Expenses received	3.15	9.91					3.15	9.91
11	Contribution to employee benefit trust	38.20	19.09					38.20	19.09

\*\* Exclusive of Indirect Taxes.

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

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

**Outstanding Balances of Related parties – NIL (Previous year-NIL)**

### 36. Disclosures as required by Indian Accounting Standard (Ind AS) 17 Lease:-

#### Operating lease commitments:

(i) Company as lessee:-

The Company's significant leasing arrangements are in respect of operating leases for premises (property, land and others). These leasing arrangements, which are non-cancellable with range from 11 months to 99 years and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under 'Other Expenses'.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	(₹ in lakhs)	
	March 31, 2019	March 31, 2018
Within one year	15.43	15.43
After one year but not more than five years	61.73	61.73
More than five years	1085.39	1100.82
	<b>1162.55</b>	<b>1177.98</b>

### 37. Earning Per Share

The calculation of Earning Per Share (EPS) as disclosed in the Statement of profit and loss has been made in accordance with Ind AS- 33 on "Earnings Per Share".

Particulars	As at	As at
	March 31, 2019	March 31, 2018
<b>Total Operations for the year</b>		
Profit after tax attributable to equity shareholders (A) (Rs.in Lakhs)	<b>3448.76</b>	3857.25
Weighted average number of equity shares (B)	<b>80,363,746</b>	80,363,746

Face value per equity share ( C )	<b>10.00</b>	10.00
<b>Basic earnings per share (D=A/B)</b>	<b>4.29</b>	4.80
<b>Diluted earnings per share</b>	<b>4.29</b>	4.80

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

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

### 38. Income Tax:

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

#### 38.1. Deferred tax liabilities (Net)

	(₹ in lakhs)			
2018-19	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
<b>A. Deferred tax assets</b>				
Expenses deductible in future years	108.88	(71.40)		37.48
<b>Total</b>	<b>108.88</b>	<b>(71.40)</b>		<b>37.48</b>
<b>B. Deferred tax liabilities</b>				
Property, plant and equipment and Intangible assets	(1,401.11)	103.64		(1,297.47)
Investment in bonds, mutual funds and equity instruments	(721.78)	(23.46)	45.31	(699.93)
Others				
<b>Total</b>	<b>(2,122.89)</b>	<b>80.18</b>	<b>45.31</b>	<b>(1,997.40)</b>
<b>Net deferred tax liabilities</b>	<b>(2,014.01)</b>	<b>8.78</b>	<b>45.31</b>	<b>(1,959.92)</b>
	(₹ in lakhs)			
2017-18	Opening Balance	Recognised in profit or loss	Recognised in OCI	Closing Balance
<b>A. Deferred tax assets</b>				
Expenses deductible in future years	146.48	(37.60)		108.88
<b>Total</b>	<b>146.48</b>	<b>(37.60)</b>		<b>108.88</b>
<b>B. Deferred tax liabilities</b>				
Property, plant and equipment and Intangible assets	(1,472.30)	71.19		(1,401.11)
Investment in bonds, mutual funds and equity instruments	(1,338.75)	613.66	3.31	(721.78)
<b>Total</b>	<b>(2,811.05)</b>	<b>684.85</b>	<b>3.31</b>	<b>(2,122.89)</b>
<b>Net deferred tax liabilities</b>	<b>(2,664.57)</b>	<b>647.25</b>	<b>3.31</b>	<b>(2,014.01)</b>

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

#### 38.2 Income tax recognised in profit or loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Current tax</b>		
In respect of the current year	1,233.13	1,449.16
<b>Deferred tax</b>		
In respect of the current year	(8.79)	(647.26)
<b>Total income tax expense recognised</b>	<b>1,224.34</b>	<b>801.90</b>

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before tax	4,673.10	4,659.14
Tax at the Indian Tax Rate of 34.944% / 34.608 %	1,632.97	1,612.44
Differential tax rate on capital gain on sale of investments/ fair valuation on investment	(89.20)	(200.83)
Effect of exempted dividend income	(74.51)	(57.54)
Effect of indexation benefit on value of investment	(267.74)	(616.65)
Effect of expenses that are not deductible in determining taxable profit	13.83	45.50
Others	8.99	18.98
<b>Total</b>	<b>1224.34</b>	<b>801.90</b>
<b>Current tax</b>	<b>1,233.13</b>	<b>1,449.16</b>
<b>Deferred tax</b>	<b>(8.79)</b>	<b>(647.26)</b>
<b>Total tax provided</b>	<b>1,224.34</b>	<b>801.90</b>

**Note:** The increase in tax rates is consequent to changes made in Finance Act 2018.

### 38.3 Income tax recognised in other comprehensive income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Arising on income and expenses recognised in other comprehensive income</b>		
Net fair value gain on investment in equity shares at FVTOCI	(45.31)	(3.31)
Remeasurement of defined benefit obligation	0.46	(1.82)
<b>Total income tax recognised in other comprehensive income</b>	<b>(44.85)</b>	<b>(5.13)</b>

### 39. Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through optimization of debt and equity balance. The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

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

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



The following table provides detail of the debts and equity at the end of the reporting years:

Particulars	(₹ in lakhs)	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Borrowings	75.39	132.81
Cash and cash equivalent	249.86	469.51
Net Debt	(174.47)	(336.70)
Total Equity	33,365.80	31,938.19
Net debt to equity ratio		

#### 40. Financial Instruments and Risk Management

##### (a) Financial instruments by category

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

Particulars	Amortized cost	Financial assets/ Liabilities at FVTPL	Financial assets/ Liabilities at FVTOCI	Total carrying cost	Total fair value
<b>Financial Assets:</b>					
Cash and cash equivalents	249.86			249.86	249.86
Investments		28092.83	303.8	28396.63	28396.63
Trade receivables	1560.29			1560.29	1560.29
Loans	0.77			0.77	0.77
Other financial assets	30.16			30.16	30.16
<b>Total</b>	1841.08	28092.83	303.8	30237.71	30237.71
<b>Financial Liabilities:</b>					
Trade payables	6857.06			6857.06	6857.06
Short Term Borrowings	75.39			75.39	75.39
Other financial liabilities	444.73	152.93		597.66	597.66
<b>Total</b>	7377.18	152.93		7530.11	7530.11

The carrying value and fair value of financial instruments by categories as at March 31, 2018 are as follows:

Particulars	Amortized cost	Financial assets/ Liabilities at FVTPL	Financial assets/ Liabilities at FVTOCI	Total carrying cost	Total fair value
<b>Financial Assets:</b>					
Cash and cash equivalents	469.51			469.51	469.51
Investments		25522.00	433.46	25955.46	25955.46
Trade receivables	2021.89			2021.89	2021.89
Loans	2.62			2.62	2.62
Other financial assets	11.90			11.90	11.90
<b>Total</b>	2505.91	25522.00	433.46	28461.38	28461.38
<b>Financial Liabilities:</b>					
Trade payables	4076.70			4076.70	4076.70
Short Term Borrowings	132.81			132.81	132.81
Other financial liabilities	550.75			550.75	550.75
<b>Total</b>	4760.26			4760.25	4760.25

**Fair value hierarchy**

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

<b>As at March 31, 2019</b>				
<b>Financial Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments in Mutual Funds/ Bonds/ Preference Shares	9379.17	18713.66		28092.83
Investments in Quoted Equity Instruments				
Investments in Unquoted Equity Instruments			303.80	303.80
Foreign Currency/ commodity forward contracts				
<b>Total</b>	<b>9379.17</b>	<b>18713.66</b>	<b>303.80</b>	<b>28396.63</b>
<b>Financial Liabilities</b>				
Foreign Currency/ commodity forward contracts		152.93		152.93

<b>As at March 31, 2018</b>				
<b>Financial Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments in Mutual Funds/ Bonds/ Preference Shares	25522.00			25522.00
Investments in Quoted Equity Instruments				
Investments in Unquoted Equity Instruments			433.46	433.46
Foreign Currency/ commodity forward contracts				
<b>Total</b>	<b>25522.00</b>		<b>433.46</b>	<b>25955.46</b>
<b>Financial Liabilities</b>				
Foreign Currency/ commodity forward contracts			-	-

**Level 1:**

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

**Level 2:**

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

**Level 3:**

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

Sensitivity of Level 3 financial instruments are insignificant.

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

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

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

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

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

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

Reconciliation of Level 3 fair value measurements

	<b>Unlisted equity instruments</b>
<b>As at April 1, 2017</b>	<b>443.02</b>
Purchases	0.00
Gain/ (loss) recognised in OCI/Profit/Loss	9.56
<b>As at March 31, 2018</b>	<b>433.46</b>
Purchases	0.00
Gain/ (loss) recognised in OCI/Profit/Loss	(129.66)
<b>As at March 31, 2019</b>	<b>303.80</b>

### Financial risk management

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

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

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

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

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

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

#### (i) Market Risk

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

#### (a) Foreign currency risk

The company imports certain assets and material from outside India. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risk and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognised assets and liabilities denominated in a currency other than company's functional currency.

The company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by hedging appropriately. The Company uses foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

The following table analyses the foreign currency risk from monetary assets and liabilities:

Particulars	(FC In lakhs)	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>a) Exposure on account of Financial Assets</b>		
<b>Trade receivables (A)</b>		
- In USD	-	-
- In Euro	-	-
- In JPY	-	-
<b>Amount hedged through forwards(B)</b>		
- In USD	-	-
- In Euro	-	-
- In JPY	-	-
<b>Net Exposure to Foreign Currency Assets (C=A-B)</b>		
- In USD	-	-
- In Euro	-	-
- In JPY	-	-
<b>b) Exposure on account of Financial Liabilities</b>		
<b>Trade Payables &amp; Loans (D)</b>		
- In USD	<b>93.18</b>	58.57
- In Euro	<b>0.02</b>	0.02
- In JPY	-	-
<b>Amount Hedged through forwards (E)</b>		
- In USD	<b>(93.18)</b>	(58.57)
- In Euro	-	-
- In JPY	-	-
<b>Net Exposure to Foreign Currency Liabilities (F=D-E)</b>		
- In USD	-	-
- In Euro	0.02	0.02
- In JPY	-	-
<b>Net Exposure to Foreign Currency(F-C)</b>		
- In USD	-	-
- In Euro	0.02	0.02
- In JPY	-	-

**# Excess forwards bought against pending purchase order/ sales order shipment**

The following significant exchange rates applied during the year:

Particulars	2018-19 (Average exchange rate)	2017-18 (Average exchange rate)	2018-19 (Year end rates)	2017-18 (Year end rates)
INR/USD	<b>69.92</b>	64.46	<b>69.16</b>	65.18
INR/EURO	<b>80.94</b>	75.45	<b>77.70</b>	80.84
INR/JPY	<b>0.63</b>	-	<b>0.62</b>	-

### Foreign currency sensitivity analysis

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

Particulars	(₹ in lakhs)	
	As at 31 March, 2019	As at 31 March, 2018
10% Strengthening/weakening of EURO against INR	0.16	0.16

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

Particulars	No. of deals	(FC In lakhs)	
		As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Contracts against Import			
- In USD	12	99.96	98.95
- In JPY	1	27.04	-

### (b) Interest Rate Risk

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

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

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

Particulars	Carrying amount (₹ in lakhs)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Variable rate instruments</b>		
Long term borrowings	-	-
Current maturities of long term debt	-	-
Short term borrowings	75.39	132.81

### Cash flow sensitivity analysis for variable rate instruments

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

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
	If loans interest rate decreases by 1%	If loans interest rate decreases by 1%
<b>Increase/ (decrease) in profit before tax by</b>	<b>0.75</b>	1.33

**(c) Security Price Risk Management**
**Exposure in equity**

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

**Equity price sensitivity analysis**

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

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

Other comprehensive income for March 31, 2019 would increase / decrease by ₹ 15.19 lakhs (March 31, 2018: increase / decrease by ₹ 21.67 lakhs) as a result of the change in fair value of equity investment measured at FVTOCI.

**Exposure in mutual funds**

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

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

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

Profit for the year ended March 31, 2019 would increase / decrease by ₹ 149.10 lakhs (March 31, 2018 by ₹ 143.91 lakhs) as a result of the changes in fair value of mutual fund investments.

**(ii) Liquidity Risk**

The financial liabilities of the company, other than derivatives, include loans and borrowings, trade and other payables. The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

The company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The company plans to maintain sufficient cash and marketable securities to meet the obligations as and when fall due. The below is the detail of contractual maturities of the financial liabilities of the company at the end of each reporting period:

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

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Borrowings</b>		
Less than 1 year	75.39	132.81
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
<b>Trade Payables</b>		
Less than 1 year	6857.06	4076.70
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
<b>Other Financial liabilities</b>		
Less than 1 year	607.78	608.29
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-

**Financial Assets**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2019</b>	<b>As at 31<sup>st</sup> March, 2018</b>
<b>Investments</b>		
Less than 1 year	<b>22,562.17</b>	14138.63
More than 1 year and upto 3 years	<b>5,530.66</b>	11383.26
More than 3 year and upto 5 years	-	-
More than 5 years	<b>303.80</b>	433.46
<b>Trade Receivables</b>		
Less than 1 year	<b>1560.29</b>	2021.89
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
<b>Cash and cash equivalents</b>		
Less than 1 year	<b>249.86</b>	469.51
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
<b>Bank balances other than above</b>		
Less than 1 year	-	-
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
<b>Loans</b>		
Less than 1 year	<b>0.74</b>	2.28
More than 1 year and upto 3 years	<b>0.03</b>	0.33
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
<b>Other financial assets</b>		
Less than 1 year	<b>30.16</b>	11.90
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-

**(iii) Credit Risk**

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

The company assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment

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

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

Particulars	(₹ in lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>(a) Revenue from top five customers</b>		
- Amount of sales	21,948.77	17,317.23
- % of total sales	56.00%	52.97%
<b>(b) Financial assets for which loss allowance, measured</b>		
- Trade Receivables	-	-
<b>(c) Opening Balance</b>		
Provided during the year	-	-
Reversed during the year	-	-
<b>Closing Balance</b>	<b>4.84</b>	<b>4.84</b>

#### Write off policy

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

41. In accordance with the Ind AS-36 on Impairment of Assets, the Company has assessed as on the balance sheet date, whether there are any indications with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.
42. The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, based on the available information with the Company are as under:

Sr no	Particulars	As at 31 <sup>st</sup> March, 2019 (₹ in lakhs)	As at 31 <sup>st</sup> March, 2018 (₹ in lakhs)
(i)	Principal amount remaining unpaid	30.10	39.69
(ii)	Interest due thereon remaining unpaid	-	-
(iii)	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of payment made to the supplier beyond the appointed day during the period	-	-
(iv)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
(v)	Interest accrued and remaining unpaid	-	-
(vi)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

#### 43. Expenditure incurred on Corporate Social Responsibility.

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



- (a) Gross amount required to be spent by the company during the year ₹ 99.01 lakhs (previous year ₹ 95.72 lakhs).
- (b) Amount spent during the year ₹ 74.50 lakhs (previous year ₹ 34.11 lakhs)
- (c) Amount remaining unspent as on 31.03.2019 ₹ 24.51 lakhs (Previous year ₹ 61.61 lakhs)
- (d) Activity

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Promoting Education	45.71	12.41
b) Promoting Healthcare	12.00	13.90
c) Rural Development Projects	16.45	4.53
d) Promoting Art and Culture Environmental Sustainability	0.34	3.27
<b>Total</b>	<b>74.50</b>	<b>34.11</b>

44. In accordance with Ind AS 18 on “Revenue” and Schedule III to the Companies Act, 2013, Sales for the period 1 April to 30 June 2017 for the previous year ended 31 March, 2018 were reported gross of Excise Duty and net of VAT/ CST. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT/CST, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current period to that extent in comparison to the sales reported under the pre-GST structure of indirect taxes.

**45. Proposed Final Dividend**

The Board of Directors have recommended a final dividend of ₹ 2.50 per equity share amounting to ₹ 2009.09 lakhs for the year 2019 (Previous year: ₹ 2 per equity share amounting to ₹ 1607.27 lakhs) after the balance sheet date. The same is subject to approval by the shareholders at the ensuing Annual General Meeting of the Company and therefore proposed final dividend (including dividend distribution tax) has not been recognised as a liability as at the balance sheet date in line with Ind AS 10 on ‘Events after the Reporting Period’.

**45 A. Disclosure under Ind AS 115 “ Revenue from Contracts with Customers”**

<b>a. Disaggregated revenue information</b>		
(₹ in Lakhs)		
<u>Type of goods</u>	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from Acrylic Fibre and Tow	39,169.72	32,668.48
<b>Total Revenue from Operations</b>	<b>39,169.72</b>	<b>32,668.48</b>
<b><u>Total Revenue from Contracts with Customers</u></b>		
Revenue from Customers based in India	39,169.72	32,668.48
Revenue from Customers based outside India	-	
<b>Total Revenue from Contracts with Customers</b>	<b>39,169.72</b>	<b>32,668.48</b>
<b><u>Timing of Revenue Recognition</u></b>		
Goods transferred at a point in time	39,169.72	32,668.48
	-	
<b>b. Trade receivables and Contract Customers</b>		
(₹ in Lakhs)		
	For the year ended March 31, 2019	For the year ended March 31, 2018
Trade Receivables	1560.29	2021.89

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

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

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

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

**c. Contract Liabilities**

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

The amount of revenue recognised during the year for the amount included in contract liabilities at the beginning of the year is ₹ 74.60 lakhs (previous year ₹ 62.42 lakhs).

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue as per Contract Price</b>	<b>39,306.29</b>	<b>32,672.55</b>
<b>Less : Adjustments</b>		
Sale Return		
Discount	136.57	4.07
	<b>39169.72</b>	<b>32,668.48</b>

**e. Performance obligation and remaining performance obligation**

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

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. As on 31<sup>st</sup> March, 2019, there were no remaining performance obligation as the same is satisfied upon delivery of goods/services.

**45 B. Assets pledged as Security:-**

**The Carrying amount of assets pledged as security for current and non-current borrowings are:-**

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Current Assets</b>		
<b>Financial Assets</b>		
Trade receivables	1560.29	2021.89
<b>Non-Financial Assets</b>		
Inventory	7637.17	5246.52
<b>Total Current Assets Pledged as Security (A)</b>	<b>9197.46</b>	<b>7268.41</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment	5161.57	5480.97
<b>Total Non-Current Assets Pledged as Security (B)</b>	<b>5161.57</b>	<b>5480.97</b>
<b>Total Assets Pledged as Security (A+B)</b>	<b>14359.03</b>	<b>12749.38</b>

## 45 C. Reconciliation of Cash flow from financing Activities

(₹ in lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2019		Year ended 31 <sup>st</sup> March, 2018	
	Current Borrowings	Non-current Borrowings (incl. current maturities)	Current Borrowings	Non-current Borrowings (incl. current maturities)
Opening Balance of Financial liabilities coming under the financing activities of Cash Flow Statement	132.81	-	88.30	-
Changes during the year				
a) Changes from financing cash flow	(57.42)	-	44.51	-
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-	-	-
c) the effect of changes in foreign exchanges rates- (Gain)/Loss	-	-	-	-
d) Changes in fair value	-	-	-	-
e) Other Changes	-	-	-	-
Closing Balance of Financial liabilities coming under the financing activities of Cash Flow Statement	75.39	-	132.81	-

46 Previous Year figures have been regrouped/ reclassified wherever considered necessary.

As per our report of even date attached

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

For and on behalf of the Board of Directors

Sanjiv Mohan  
Partner  
Membership No. 086066

Satin Katyal  
Company Secretary  
Membership No. A40578

Vivek Gupta  
Chief Financial Officer

B.K.Choudhary  
Managing Director  
DIN: 00307110

S.P. Oswal  
Chairman  
DIN: 00121737

Place: Gurugram  
Date: May 06, 2019

# NOTES

A series of 30 horizontal dotted lines for writing notes.

**VARDHMAN ACRYLICS LIMITED**

CIN: L51491PB1990PLC019212

Registered Office: Chandigarh Road, Ludhiana-141 010 (Punjab), India.

Phone No.: 0161-2228943-48, Fax: 0161-2601048

E-mail: [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com); Website: [www.vardhman.com](http://www.vardhman.com)**ATTENDANCE SLIP  
E-VOTING PARTICULARS****29<sup>TH</sup> ANNUAL GENERAL MEETING****2019**

I/We hereby record my/our presence at the 29<sup>th</sup> Annual General Meeting of Vardhman Acrylics Limited held at the Registered Office of the Company situated at Chandigarh Road, Ludhiana-141 010 on Monday, the 30<sup>th</sup> September, 2019 at 12:00 noon.

Member's Folio/DP ID-Client ID No. ....

Member's /Proxy's name in Block Letters .....

Member's/Proxy's Signature .....

**Note:**

1. Please complete the Folio/DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of meeting place.
2. Electronic copy of the Annual Report for 2018-19 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of Annual Report for 2018-19 alongwith Attendance Slip and Proxy Form is sent in permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

**ELECTRONIC VOTING PARTICULARS**

EVSN (E-Voting Sequence Number)	USER ID / Folio No. / DP / Client ID	SEQUENCE NO.
190828049		

**NOTE:** Please read instructions given at Point No. 19 of the Notice of 29<sup>th</sup> Annual General Meeting annexed in the Annual Report for 2018-19 of the Company, carefully before voting electronically.

**VARDHMAN ACRYLICS LIMITED**

CIN: L51491PB1990PLC019212

Registered Office: Chandigarh Road, Ludhiana 141 010 (Punjab), India.

Phone No.: 0161-2228943-48, Fax: 0161-2601048

E-mail: [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com); Website: [www.vardhman.com](http://www.vardhman.com)**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

I/We being the holder(s) of.....shares of the above named Company bearing Folio No.....hereby appoint.

1. Name : .....Address : .....  
E-mail Id : .....Signature: ..... or failing him;
2. Name : .....Address : .....  
E-mail Id : .....Signature: ..... or failing him;
3. Name : .....Address : .....  
E-mail Id : .....Signature: ..... or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29<sup>th</sup> Annual General Meeting of the Company to be held on Monday, the 30<sup>th</sup> September, 2019 at 12:00 noon at the Registered office of the Company situated at Chandigarh Road, Ludhiana-141 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

RESOLUTIONS:-	
<b>Ordinary Business</b>	
1.	Adoption of Financial Statements for the Financial Year ended 31 <sup>st</sup> March, 2019.
2.	Declaration of Dividend on Equity Shares.
3.	Appointment of Mr. Sachit Jain as a director liable to retire by rotation.
<b>Special Business</b>	
4.	To re-appoint Mr. B.K. Choudhary as the Managing Director of the Company.
5.	To enter into Related Party Transactions.
6.	To ratify remuneration of Cost Auditors for the Financial Year ending 31st March, 2020.

Sign this ..... day of ..... 2019.

Signature of shareholder ..... Signature of Proxy holder(s) .....

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

Affix Revenue  
Stamp not  
less than  
Rs. 0.15

PUDA SECTOR 32A

VISHAL MEGA MART

ROAD TO MIG FLATS  
AND TAJPUR ROAD >>>

CORPORATE  
OFFICE

VARDHMAN TEXTILES LTD.

MAIN ENTRANCE

PETROL  
PUMP

LUDHIANA-CHANDIGARH ROAD

VARDHMAN  
CHOWK

CHANDIGARH >>>

<<< MOTI NAGAR

OPEN GROUND

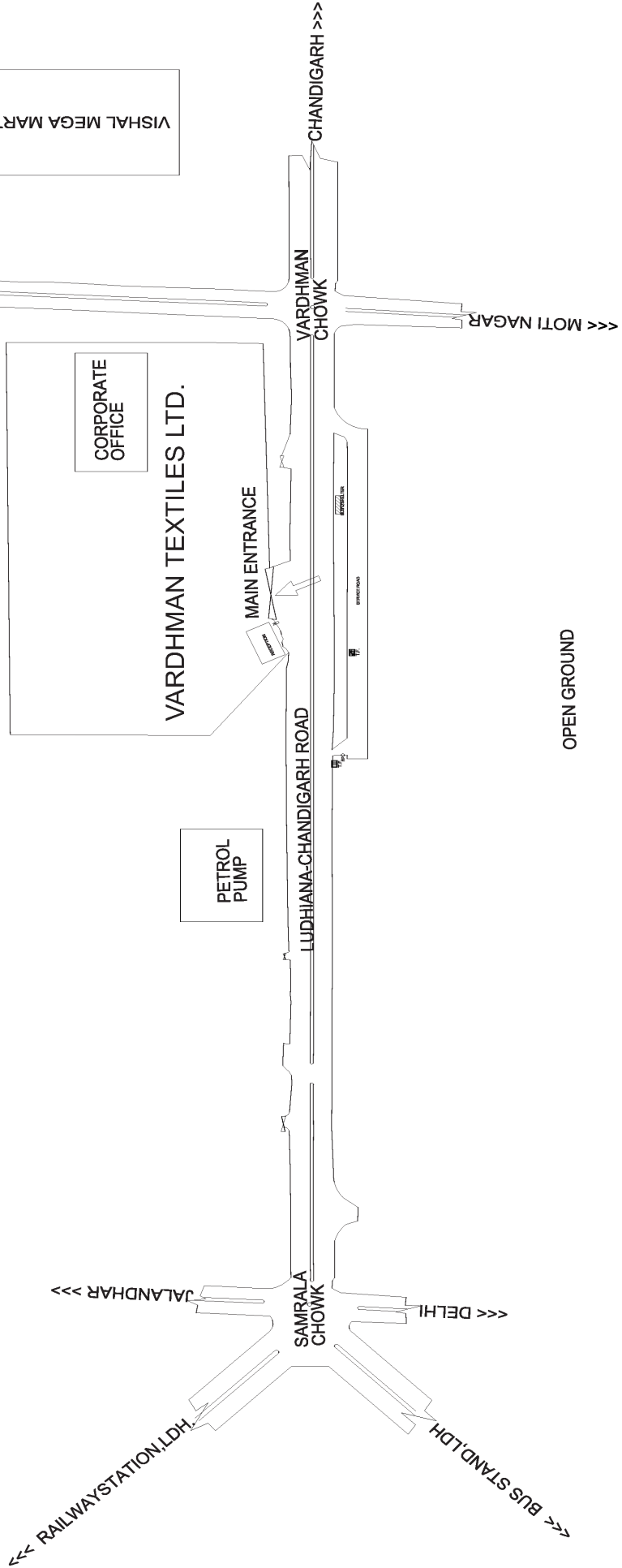
<<< JALANDHAR >>>

SAMRALA  
CHOWK

<<< DELHI >>>

<<< RAILWAY STATION, LDH >>>

<<< BUS STAND, LDH >>>







**Vardhmān**

Registered Office: Chandigarh Road, Ludhiana, Punjab - 141 010, India  
Tel.: +91-161-2228943-48 Fax: +91-161-2601048 Email: [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com)