

28th Annual Report
2017-18



Vardhmān

Vardhmān Acrylics Limited

BOARD OF DIRECTORS

Mr. Shri Paul Oswal	<i>Chairman</i>
Mr. Bal Krishan Choudhary	<i>Managing Director</i>
Mr. Sachit Jain	<i>Director</i>
Mr. Darshan Lal Sharma	<i>Director</i>
Mr. Munish Chandra Gupta	<i>Independent Director</i>
Mr. Sanjit Paul Singh	<i>Independent Director</i>
Mr. Surinder Kumar Bansal	<i>Independent Director</i>
Ms. Apinder Sodhi	<i>Independent Director</i>

CHIEF FINANCIAL OFFICER

Mr. Vivek Gupta

COMPANY SECRETARY

Mr. Ankur Gauba

AUDITORS

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

BANKERS

State Bank of India
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	8-22
Corporate Governance Report	23-29
Independent Auditors' Report	30-33
Balance Sheet	34
Statement of Profit and Loss	35
Cash Flow Statement	36
Statement of Changes in Equity	37
Notes to Financial Statements	38-66

NOTICE

NOTICE is hereby given that the **TWENTY EIGHTH ANNUAL GENERAL MEETING** of members of Vardhman Acrylics Limited will be held on Thursday, the 27th day of September, 2018 at 2.30 p.m. 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, 2018 together with Report of Board of Directors and Auditors thereon.

Item No. 2 – Declaration of Dividend:

To declare a dividend of ₹ 2.00 per equity share for the year ended March 31, 2018.

Item No. 3 – Appointment of Mr. Darshan Lal Sharma as a director liable to retire by rotation:

To appoint a Director in place of Mr. Darshan Lal Sharma (DIN: 00727581), 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 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 28th 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 no. 16 of the Companies (Meeting of Board and its Powers) Rules, 2014, Company Secretary be and is hereby authorised 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 authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to this resolution.”

Item No. 5 – To appoint Ms. Apinder Sodhi as an Independent Director:

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 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(including any statutory modification(s) or re-enactment thereof for time being in force) Ms. Apinder Sodhi (DIN: 06642994), who was appointed by the Board of Directors as an Additional Director (Independent) of the Company with effect from November 1, 2017, and who holds office upto the date of this Annual General Meeting, in terms of Section 161 of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing her candidature for the office of a Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 3 (Three) consecutive years with effect from November 1, 2017.”

Item No. 6 – To ratify the remuneration of Cost Auditors for the Financial Year ending March 31, 2019:

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

“RESOLVED THAT pursuant to the provisions of Section 148 and 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, 2019, be paid the remuneration of Rs 50,000/- plus applicable taxes.”

Item No. 7– To approve continuation of directorship of Mr. Shri Paul Oswal as a non-executive director of the Company:

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

“RESOLVED THAT pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the Members of the Company be and is hereby given for continuation of the directorship of Mr. Shri Paul Oswal (DIN: 00121737), after April 1, 2019, as per his existing terms of appointment, as a non-executive director of the Company.”

Item No. 8 – To approve continuation of directorship of Mr. Munish Chandra Gupta as a non-executive director of the Company:

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

“RESOLVED THAT pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the Members of the Company be and is hereby given for continuation of the directorship of Mr. Munish Chandra Gupta (DIN: 01362556), after April 1, 2019, as per his existing terms of appointment, as a non-executive director of the Company.”

BY ORDER OF THE BOARD

Sd/-
(Ankur Gauba)
Company Secretary

Place: Gurugram
Dated: August 4, 2018

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 September 28, 2018.
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 the 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 Securities and Exchange Board of India (SEBI) vide its Notification dated June 8, 2018 has mandated that w.e.f. December 5, 2018, the transfer of shares would be carried out in dematerialized form only, except in case of transmission or transposition of securities. Hence all the shareholders holding shares in physical form are hereby requested to get their physical shares dematerialized.
10. **The Register of Members and the Share Transfer Books of the Company shall remain closed from September 17, 2018 to September 27, 2018 (both days inclusive).**
11. Members of the Company had approved the appointment of M/s. SCV & CO. LLP (Formerly S.C. Vasudeva & Co.) Chartered Accountants (Registration No. 000235N/N500089), as the Statutory Auditors at the 27th AGM of the Company which is valid till 32nd AGM of the Company. In accordance with the Companies (Amendment) Act, 2017, enforced on 7th May, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM.
12. The information pursuant to Corporate Governance under 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.
13. 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.
14. 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.
15. 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.
16. 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, Kolkata (in case of shares held in physical form).
17. 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 exchanges.
18. The Annual Report 2017-18 is being sent through electronic mode only to the Members whose email addresses are

registered with the Company/Depository Participant(s), unless any members has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2017-18 are being sent by permitted mode.

19. M/s. B.K. Gupta & Associates, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e-voting process). The Scrutinizer shall 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.
20. 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 Disclosures Requirement) 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.
21. **The instructions for shareholders voting electronically are as under:**
 - i. The e-voting period commences on September 24, 2018 (9:00 a.m.) and ends on September 26, 2018 (5:00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 20, 2018, 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:

	For Members holding shares in Demat Form and Physical Form
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"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the the first two letters of their name and the 8 digits of the sequence number in the PAN field. Sequence number is printed on Attendance slip provided with the Annual report. ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field
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"> ● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is 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: **180820054** 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 e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com**

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/
(Ankur Gauba)
Company Secretary

Place: Gurugram
Dated: August 4, 2018

ANNEXURE TO THE NOTICE:

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

(For Item No. 4 to 8)

ITEM NO. 4:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the shareholders in their 27th AGM held on September 22, 2017 had given approval for entering into Related Party Transactions for Financial Year 2018-19.

The Approval of the Shareholders 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 materiality nature of related party transactions being entered by the Company mandates it to seek members approval for such transactions for Financial Year 2019-20.

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 Ltd (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 30-35% of the fiber produced by the Company is consumed as raw material by VTXL.

The Board of Directors recommends the Ordinary Resolution as set out at Item No. 4 for approval of the Members. Accordingly, your approval is solicited.

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. 4 of the Notice.

ITEM NO. 5:

Pursuant to the provisions of Section 161 of the Companies Act, 2013, the Board of Directors had appointed Ms. Apinder Sodhi as an Additional Director (Independent) of the Company with effect from November 1, 2017. Ms. Apinder Sodhi holds office upto the date of the ensuing AGM of the Company.

The Company has received a notice in writing from a member, along with requisite deposit under Section 160 of the Companies Act, 2013, proposing candidature of Ms. Apinder Sodhi for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. The Company has received a declaration from Ms. Apinder Sodhi to the effect that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Accordingly, it is proposed to appoint Ms. Apinder Sodhi as an Independent Director of the Company for a term of 3 (three) consecutive years with effect from November 1, 2017 upto October 30, 2020 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

In the opinion of the Board, Ms. Apinder Sodhi, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder.

A brief profile of Ms. Apinder Sodhi is provided in the Annexure to this Notice.

The Board of Directors recommends the passing of the Ordinary Resolution as set out at Item No. 5 for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Ms. Apinder Sodhi, 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. 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 records maintained by the Company. Upon the recommendations of Audit Committee, the Board of Directors in its meeting held

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	<ul style="list-style-type: none"> Sale of Acrylic Fiber (Traded/Manufactured) 	At Market Related Prices	Yes
			<ul style="list-style-type: none"> Purchase/sale of DEPB licenses Purchase/sale of fixed assets Rent Paid 	At Market Related Prices	Yes
			<ul style="list-style-type: none"> Payment towards sharing of corporate services Reimbursement of expenses (paid/ received) 	At Cost	Yes

on May 3, 2018 had appointed Mr. R.A. Mehta, as Cost Auditor of the Company to conduct Cost Audit for Financial Year ending 31st March, 2019.

Now, 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 March 31, 2019. The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the shareholders.

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.

ITEM NO. 7:

Pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f April 1, 2019, approval of the shareholders is required by way of a special resolution for continuing the directorship of any non-executive Director who has attained the age of 75 years.

Now, pursuant to these provisions, for continuation of directorship of Mr. Shri Paul Oswal who is aged about 76 years, a Special resolution is required to be approved by the members of the company.

Mr. Shri Paul Oswal holds Masters degree in Commerce (Gold Medalist). He is having a rich and varied experience of more than 50 Years in Textile Industry. He is associated with the company since incorporation. Now, considering his vast and rich experience and expertise in textile industry, the Board of Directors recommends this special resolution for approval of the members.

MEMORANDUM OF INTEREST:

Except Mr. Shri Paul Oswal, being appointee and Mr. Sachit Jain, relative of Mr. Shri Paul Oswal, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the proposed Special Resolution as set out at Item No. 7 of the Notice.

ITEM NO. 8:

Pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f April 1, 2019, approval of the shareholders is required by way of a special resolution for continuing the directorship of any non-executive Director who have attained the age of 75 years.

Now, pursuant to these provisions, for continuation of directorship of Mr. Munish Chandra Gupta who is aged about 79 years, a Special resolution is required to be approved by the members of the company.

Mr. Munish Chandra Gupta holds Masters degree in English and Diploma in Public Administration. He is having a rich and varied experience in Industrial Promotion, Industrial Policy, Corporate Governance, Financial Management and Taxation. He is retired IAS Officer and had worked at various senior positions in State / Central Government. Now, considering his vast and rich experience, the Board of Directors recommends this Special Resolution for approval of the members.

MEMORANDUM OF INTEREST:

Except Mr. Munish Chandra Gupta, being appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the proposed Special Resolution as set out at Item No. 8 of the Notice.

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	Ms. Apinder Sodhi	Mr. Darshan Lal Sharma
Date of Birth	21.11.1962	10.11.1948
Date of Appointment	01.11.2017	24.12.1990
Expertise in specific functional area	Management Professional	Business Executive having experience of more than 43 years in Textile and Sewing Thread Business
Qualification	M.B.A.	B.Sc.(Engg.), M.B.A.
Directorships in Other Listed Companies as on 31 st March, 2018	Vardhman Holdings Limited	Vardhman Textiles Limited
Chairman/Member of Committees of Other Listed Companies as on 31 st March, 2018	Vardhman Holdings Limited 1. Audit Committee – Chairperson 2. Corporate Social Responsibility Committee – Member 3. Stakeholders Relationship Committee – Member	Vardhman Textiles Limited 1. Audit Committee – Member 2. Corporate Social Responsibility Committee – Member 3. Stakeholders Relationship Committee – Member
No. of Shares held	Nil	2000
Relationship with other Director(s)	Not related to any Director	Not related to any Director

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 28th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended March 31, 2018.

1. FINANCIAL RESULTS:

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

PARTICULARS	(₹ in Lakhs)	
	2017-18	2016-17
Revenue from operations (Net)	32,696.66	36,842.96
Other Income	2,056.29	2,452.67
Profit before Depreciation, Interest & Tax (PBDIT)	5,204.85	6,211.08
Interest and Financial expenses	73.06	36.13
Profit before Depreciation and Tax (PBDT)	5,131.79	6,174.95
Depreciation	472.64	460.62
Profit before Tax (PBT)	4,659.15	5,714.33
Provision for Tax - Current	1,449.17	1,632.29
- Deferred Tax (Net of Adjustment)	(647.26)	(28.48)
- MAT Credit Entitlement	801.91	1,603.81
Profit after tax (PAT)	3,857.24	4,110.52
Other Comprehensive Income	(9.68)	(11.38)
Total Comprehensive Income for the period	3,847.56	4,099.14
Earnings per share (₹)		
- Basic	4.80	4.45
- Diluted	4.80	4.45

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:

The year 2017-18 was quite eventful on energy front. Crude oil prices that were around US\$ 52/barrel in April 2017 touched US\$ 68/barrel by end of March 2018. This could happen because of the production cut agreement between OPEC and Russia continuing rather successfully and geo-political conditions between USA and Iran, Syria & North Korea. Major disruption in Texas and Huston, world's largest Acrylonitrile (major raw material for acrylic fiber) (ACN) production center following hurricane Harvey in

August 2017 and good demand from ABS, Adiponitrile and Acrylamide, the other derivatives of ACN kept rates of ACN at higher level. Availability situation was made worse by shutting down of some production capacity of ACN in China following Chinese Government decisions to implement tighter environment norms. Some of these plants are still shut with no reopening schedule in public domain. A new ACN plant that was scheduled to be commissioned towards end of 2017 in China is still awaiting environmental clearance.

Demand for acrylic fiber in China and globally was practically same to slightly lower as the previous year. However, additional acrylic fiber capacities installed in China in 2015 & 2016 continued to focus on increased exports. Implementation of GST disturbed normal market activities for almost 3-4 month in India. Different segments of market responded differently in adapting to the requirements under GST regime. Market could come largely to terms by December 2017. This caused extreme level of uncertainty in the market and anxiety to acrylic fiber producers.

An increase has been noticed in low cost imports of acrylic fiber from few European, South American and Asian countries since 2016 and the same still continues. It is only adding to the woes of domestic acrylic fiber producers already severally affected by global events. Margins were adversely affected during the year due to combination of these domestic and global reasons.

B. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

● PRODUCTION & SALES REVIEW:

During the year under review, your Company has registered Revenue from Operations of ₹ 32,696.66 Lakhs as compared to ₹ 36,842.96 Lakhs in the previous year. The production of the Company increased from 19,743 MT to 20,674 MT during the year 2017-18 showing an increase of 4.71%.

● PROFITABILITY:

The Company earned profit before depreciation, interest and tax of ₹ 5,204.85 Lakhs as against ₹ 6,211.08 Lakhs in the previous year. After providing for depreciation of ₹ 472.64 Lakhs (Previous Year ₹ 460.62 Lakhs), interest of ₹ 73.06 Lakhs (Previous Year ₹ 36.13 Lakhs), provision for current tax ₹ 1,449.17 Lakhs (Previous Year ₹ 1,632.29 Lakhs), deferred tax ₹ (647.26) Lakhs [Previous Year ₹ (28.48) Lakhs], the net profit from operations worked out to ₹ 3,857.24 Lakhs as compared to ₹ 4,110.52 Lakhs in the previous year.

The Reserves available for payment of Dividend was ₹ 18,557.49 Lakhs. Out of these reserves, Dividend @ ₹ 1.50 per equity share amounting to ₹ 1,205.46 Lakhs and Dividend Distribution Tax of ₹ 245.40 Lakhs was paid.

● **RESOURCES UTILISATION:**

a) **Fixed Assets:**

The Net Block as at 31st March, 2018 was ₹ 5,472.40 Lakhs as compared to ₹ 5,768.76 Lakhs in the previous year.

b) **Current Assets:**

The current assets as on 31st March, 2018 were ₹ 22,716.44 Lakhs as against ₹ 34,173.39 Lakhs in the previous year. Inventory level was at ₹ 5,246.52 Lakhs as compared to the previous year level of ₹ 7,943.79 Lakhs.

● **FINANCIAL CONDITIONS & LIQUIDITY:**

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

The position of liquidity and capital resources of the Company is given below:-

	(₹ in Lakhs)	
PARTICULARS	2017-18	2016-17
Cash and Cash equivalents:		
Beginning of the year	905.95	56.84
End of the year	409.30	905.95
Net cash provided (used) by:		
Operating Activities	293.66	4,216.36
Investing Activities	669.60	2,962.72
Financial Activities	(1459.91)	(6,329.97)

C. **BUSINESS OUTLOOK:**

Industry and businesses seem to have adapted to GST. India clocked a GDP growth of 6.6-6.7% in 2017-18. This is a very healthy number when compared with 6.9% for China and 3.8% for world in 2017 despite the expected initial disturbance due to GST implementation in this fiscal. Forecasted GDP growth for India for FY 2018-19 is 7.3% by World Bank, 7.4% by IMF and 7.4% by RBI. It is higher than that for China at 6.6% and 3.9% for World in 2018. Consumer price inflation in India has steadily come down to 4.28%. Manufacturing and services sectors have already started showing good growth in last few months. Increase in domestic demand is likely to spur investments in manufacturing sector in the country. At macro level, uncertainty on account of global economic factors like US interest rates still remain.

Emphasis of the Government on increasing rural incomes is a positive for acrylic fiber industry in medium and long term.

However, high crude oil prices especially any further increase from current level can adversely affect the disposable income of large part of country's population and in turn impact acrylic fiber demand like many other products with relatively elastic demand. Cheap imports from few countries as already mentioned above and from some other countries despite imposition of Anti-Dumping Duty are a big concern as they are affecting both volume and margins of Indian acrylic fiber producers.

D. **MANAGEMENT PERCEPTION OF RISK & CONCERNS:**

High input cost mainly due to higher crude oil prices, competition from overseas acrylic fiber suppliers who are facing declining demand in their own countries or losing export markets to competitors, substitution by cheaper products like polyester though not equivalent in quality and functional terms but a lot cheaper are the risks that Indian AF industry is currently faced with or anticipates. Inflation is under check and is in favour of acrylic fiber consumption. A good monsoon can give impetus to acrylic fiber demand and poor monsoon work against it. Depreciation of Indian Rupee will make acrylic fiber expensive.

E. **INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY:**

The Company has adopted a strong and well-designed Internal Audit to review all systems, processes and controls of the Company to ensure following best industry practices, compliance with internal systems & procedures and statutory requirements. This is supplemented by Statutory Audits as well as Self Audits done periodically. Senior management of your company is committed to make the operations system driven and transparent so as to minimise chances of deviations and timely action.

F. **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.

G. **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 306 persons as on March 31, 2018.

3. DIVIDEND:

The Board of Directors in its meeting held on 3rd May, 2018 has recommended a dividend of ₹ 2.00/- 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. Darshan Lal Sharma, 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.

Additional Director (Independent): Ms. Apinder Sodhi was appointed as an Additional Director (Independent) w.e.f. November 1, 2017 and holds office upto the forthcoming AGM of the Company. Necessary resolution for appointment of Ms. Apinder Sodhi as an Independent Director has been included in the Notice.

Cessation from Directorship: During the year, Ms. Geeta Mathur ceased to be a Director of the Company as her term of appointment expired on September 22, 2017.

Continuation of Non-Executive Directors: Pursuant to the provisions of Regulation 17 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, as amended vide SEBI (Listing Obligation and Disclosure Requirements) (Amendment) Regulations, 2018, Special Resolution has been proposed to be passed by the Members in the ensuing Annual General Meeting for continuation of directorships of those non-executive directors who are above the age 75 years viz Mr. Shri Paul Oswal and Mr. Munish Chandra Gupta.

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.

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

The Nomination & Remuneration Committee of the Company has formulated the Nomination & Remuneration Policy on Directors' appointment and remuneration 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 form 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

Annual Evaluation of the Board Performance:

The Meeting of Independent Directors of the Company for the Calendar Year 2017 was held on November 1, 2017 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 have 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, 2018:

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

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 form 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 27th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company (subject to ratification of their appointment at every AGM).

However, pursuant to the Companies (Amendment) Act, 2017 which was notified on May 7, 2018, the provision related to ratification of appointment of auditors by Members at every AGM has been done away with.

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, 2017 for the financial year 2017-18.

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, 2018. 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 Companies Act, 2013.

The Board of Directors has appointed Mr. R.A. Mehta, Practicing Cost Accountant, as the Cost Auditor of the Company to conduct Cost Audit of the Accounts for the financial year 2018-19. However, as per provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditors is subject to ratification by members at the Annual General Meeting. Accordingly, the remuneration to be paid to Mr. R.A. Mehta, Practicing Cost Accountant, for financial year 2018-19 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, Independent Directors and Mr. D.L. Sharma, Director. 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. VEGIL MECHANISM & SEXUAL HARASMENT 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

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 cases 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

During the year, the Company has spent ₹ 34.11 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

15. INTERNAL FINANCIAL CONTROLS:

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

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

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. 36 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/1c9ec9e9c9ce1b5b82aef9485050628bbd40d5551436265865.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 4,5,6,7 and 9 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 form part of this report as **Annexure IV**.

19. ANNUAL RETURN:

Pursuant to the provisions of Section 134(3)(a) of Companies Act, 2013 substituted by Companies (Amendment) Act, 2017 w.e.f. July 31, 2018 the web address of the extract of Annual Return of Company is https://www.vardhman.com/user_files/investor/VAL%20MGT-9.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 306 employees on permanent rolls.

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

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 form part of this report.

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

23. DIRECTORS RESPONSIBILITY STATEMENT:

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

- a. In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures;
- b. Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on March 31, 2018;
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The annual accounts have been prepared on a going concern basis;
- e. The Internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

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

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.

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 : August 4, 2018**

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

INDEX OF ANNEXURES
(FORMING PART OF BOARD REPORT)

Annexure No.	Particulars
I	Nomination & Remuneration Policy approved by the Board.
II	Secretarial Audit Report in Form No. MR-3 for FY 2017-18.
III	CSR Activities – Annual Report FY 2017-18.
IV	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**

(U/s 178 of the Companies Act, 2013 and Clause 49 (IV) of the Amended Listing Agreement)

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 1st November, 2014.

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

The amended policy is as under:-

2. ROLE OF THE COMMITTEE:

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

3. MEMBERSHIP:

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

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

4. CHAIRMAN:

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

5. FREQUENCY OF MEETINGS:

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

6. COMMITTEE MEMBERS' INTERESTS:

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

7. SECRETARY:

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

8. VOTING:

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

9. MINUTES OF COMMITTEE MEETING:

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

10. EFFECTIVE DATE & AMENDMENTS:

This policy will be effective from 4th 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 31ST MARCH, 2018

[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 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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 31st March, 2018 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;

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**

**Date: 24th April, 2018
Place: Ludhiana**

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**

**Date: 24th April, 2018
Place: Ludhiana**

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2017-18

Sr. No.	Particulars	Details
1.	Brief outline of CSR Policy	<p>Broad contours of CSR Policy of the Company:</p> <ol style="list-style-type: none"> 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	<p>The CSR Committee of the Company consists of:</p> <ol style="list-style-type: none"> i. Mr. Sachit Jain- Chairman ii. Mr. B.K. Choudhary- Member iii. Mr. M.C. Gupta- Member
3.	Average net profit of the Company for last three financial years	₹ 4786.04 Lakhs
4.	Prescribed CSR Expenditure	₹ 95.72 Lakhs
5.	<p>Details of CSR spent during the year:</p> <p>Total amount spent for the financial year</p> <p>Amount unspent, if any</p> <p>Manner in which the amount spent during the financial year</p>	<p>₹ 34.11 Lakhs</p> <p>₹ 61.61 Lakhs</p> <p>ANNEXURE-A</p>
6.	In case the Company has failed to spend two percent, reason thereof.	<p>The Company has spent ₹ 34.11 Lakhs in the financial year 2017-18 on activities as provided in Annexure-A. The prescribed unspent will be spent on all ongoing CSR projects in the coming financial year.</p>
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.	ANNEXURE-B

ANNEXURE-A

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

(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 (In Lakhs.)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: (In Lakhs.)	Cumulative expenditure up to the reporting period. (In Lakhs.)	Amount spent: Direct or through implementing agency
1.	New constructions of class rooms in primary school	Education	Uthiya Village	19.50	10.93	10.93	Direct
2.	New constructions of Community Hall	Education	Talodara Village	18.85	4.53	4.53	Direct
3.	Donation for Culture Promotion Musical Festivals	Education	Through-out Gujarat	3.00	3.00	3.00	Through Implementing Agency
4.	Electrical fittings at newly constructed Anganwadi	Education	Sardarpura Village	0.58	0.58	0.58	Direct
5.	Education kit to the school going children's on starting of academic year	Education	Talodara, Dadheda & Vakhatpura Villages	1.20	0.57	0.57	Direct
6.	Electrical fittings at newly constructed computer room in primary school	Education	Talodara Village	0.31	0.31	0.31	Direct
7.	Painting work at newly constructed computer room in primary school	Education	Dadheda Village	0.02	0.02	0.02	Direct
8.	Providing Medical Ophthalmology Machines (YAG & A-Scan Machines) to Sewa Rural Hospital	Health care	Surrounding Area of GIDC, Jhagadia	15.00	13.90	13.90	Direct
9.	Culture Promotion Activity in Navratri Mahotsava	Rural Development	Talodara Village	0.35	0.27	0.27	Direct

ANNEXURE-B

RESPONSIBILITY STATEMENT

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

Date: May 3, 2018
Place: Gurugram

Sd/-
(B.K. Choudhary)
Managing Director

Sd/-
(Sachit Jain)
Chairman of CSR Committee

INFORMATION AS PER SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF COMPANIES (ACCOUNTS) RULES, 2014 FOR THE YEAR ENDED 31ST MARCH, 2018.

A. CONSERVATION OF ENERGY:

i. Steps taken for conservation of energy:

1. Provision of Variable Frequency Drives (5 Nos.) in different pumps' motors
2. Use of LED lights for street lights and tube lights, LED well glass lamps and LED rocket lamps in place of HPMV lamps for power saving.
3. Steam saving in process by using dip pipe to utilize flash steam which otherwise was going to vent.
4. Measure and control of compressed air consumption in air purging systems at several usage points in the process.
5. (a) Utilizing all 4 COAG coolers in place of 3 for more heat transfer and (b) On line cleaning of COAG coolers in place of off line by dismantling so as to increase availability of all Coolers and to reduce Brine power consumption.
6. Separating the switching mechanism of lights of various areas so as to ensure usage only as required.
7. Condensate recovery from steam traps at solvent recovery plant.

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

Efforts are continuing to identify viable opportunities of using alternate sources of energy.

iii. Expenses incurred on energy conservation equipment:

The Company has incurred ₹ 13.68 Lakhs on different energy & utilities saving projects.

B. TECHNOLOGY ABSORPTION:

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

- Improvement in finer denier fiber productivity by optimizing process parameters and operational practices.

- Optimizing process/Coagulation conditions for energy saving.
- Improvement in coarser denier fiber productivity by optimizing process parameters & operational practices.
- Enhancement in PRS purification unit operation capacity for better product quality.
- Substitution of imported consumables and spares/components by indigenous sources.

ii. Benefits derived as a result of the above efforts:

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

iii. 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 – N.A.
- c) Has technology been fully absorbed – N.A.
- d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action – N.A.

iv. Expenditure on R&D: NIL.

C. FOREIGN EXCHANGE EARNING AND OUTGO:-

(₹ in Lakhs)

Particulars	2017-18	2016-17
Foreign Exchange earned (FOB)	NIL	NIL
Foreign Exchange used (on accrual basis)	21,081.37	21,276.37

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 2017-18 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017-18 are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2017-18 (₹ In Lakhs)	% increase in Remuneration in the Financial Year 2017-18	Ratio of remuneration of each Director to median remuneration of employees
1	Bal Krishan Choudhary Managing Director	84.56	9.45	39.87
2.	Munish Chandra Gupta Non-executive and Independent Director	3.20	23.07	1.50
3.	Sanjit Paul Singh Non-executive and Independent Director	1.80	-10.00	0.85
4.	Surinder Kumar Bansal Non-executive and Independent Director	1.15	-4.16	0.54
5.	Geeta Mathur Non-executive and Independent Director	*0.25		
6.	Apinder Sodhi Non-executive and Independent Director	**0.70		
7.	Vivek Gupta Chief Financial Officer	31.85	6.62	N.A.
8.	Ruchita Vij Company Secretary	***2.09	-	N.A.
9.	Ankur Gauba Company Secretary	****0.97	-	N.A.

* Ms. Geeta Mathur ceased to be a Director on completion of her term on September 22, 2017

** Ms. Apinder Sodhi was appointed as an Additional Director (Independent) w.e.f. November 1, 2017

*** Ms. Ruchita Vij has resigned from post of a Company Secretary and Compliance officer w.e.f. August 28, 2017

**** Mr. Ankur Gauba has been appointed as a Company Secretary and Compliance officer w.e.f. February 5, 2018

- The median remuneration of employees of the Company during the Financial Year was ₹ 2.12 Lakhs (previous year ₹ 1.89 Lakhs)
- In the Financial Year, there was an increase of 14.55% in the median remuneration of employees.
- There were 306 permanent employees on the rolls of Company as on March 31, 2018.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2017-18 was 10.52%.
- It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

B. DISCLOSURE IN RESPECT OF REMUNERATION OR COMMISSION 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

- 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
- 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
- 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	Date of Joining	Previous Employment	% of Equity shares held 31.03. 2018
1.	Bhooshan Lal Harbanslal Uppal	68	Unit Head	44.54	Regular	BE, PGDBM	44.02	12/07/1999	Citurgia Biochemicals Ltd.	NIL
2.	Vivek Gupta	51	Senior Vice President	33.52	Regular	B.E.(Hons.); MBA	24.10	07/11/2007	Pro India Ltd.	NIL
3.	Arun Gangaram Bharadi	51	General Manager Operation	28.00	Regular	B.Sc, DBM	27.10	12/09/2017	Cytec India Speciality Chemicals & Materials Pvt. Ltd.	NIL
4.	Jignesh L Parmar	45	Assistant Vice President	20.60	Regular	B.Sc, Master in Labour Law, MBA	22.02	15/04/2015	Narayana Hrudayalaya Ltd.	NIL
5.	Basudev Brijkishor Sharma	47	Assistant Vice President	20.12	Regular	B.Tech	25.05	01/10/2008	Jubliant Organosys Ltd.	NIL
6.	Basant Sharda	41	Assistant Vice President	19.21	Regular	B.Com, CA, ICWA,CS	16.00	20/07/2016	Essar Steel Ltd.	NIL
7.	Mrinal Kanti Siddhanta	49	Assistant Vice President	18.50	Regular	B.Sc, B.Tech	24.04	10/06/2004	Consolidated Fiber and Chemicals Ltd.	NIL
8.	Yogesh Rameshwarprasad Vijayvergia	59	Vice President	17.93	Regular	B.E	38.00	10/03/1998	Parasrampuria Synthetics Ltd.	NIL
9.	Jayesh Shantilal Gohil	45	Dy. General Manager	16.60	Regular	BE(Mech)	22.05	25/10/2010	ISAGRO Asia Agrochemicals Pvt. Ltd.	NIL
10.	Hetan Jashvantbhai Patel	42	Senior Manager	15.66	Regular	BE(Chemical)	19.02	17/08/2013	Nocil 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 31st March, 2018:

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 *Geeta Mathur Surinder Kumar Bansal **Apinder Sodhi
Non-Executive Non-Independent Director	Darshan Lal Sharma

* Ms. Geeta Mathur ceased to be a Director on completion of her term on September 22, 2017

** Ms. Apinder Sodhi was appointed as an Additional Director (Independent) of the Company w.e.f. November 1, 2017.

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 2017-18, the Board met 4 times on the following dates:

- 3rd May, 2017
- 5th August, 2017
- 1st November, 2017
- 5th February, 2018

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 are as follows:-

Name of Director	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in other Companies	No. of Committee memberships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanship in other Companies
Shri Paul Oswal	4	Yes	7	Nil	3	Nil
Sachit Jain	2	Yes	5	2	Nil	1
Darshan Lal Sharma	3	Yes	10	3	Nil	Nil
Munish Chandra Gupta	4	No	2	1	Nil	Nil
Sanjit Paul Singh	4	Yes	Nil	Nil	Nil	Nil
Surinder Kumar Bansal	3	No	1	2	Nil	2
*Geeta Mathur	1	No	9	9	Nil	4
Bal Krishan Choudhary	4	No	2	1	Nil	Nil
**Apinder Sodhi	2	No	2	2	Nil	1

* Ms. Geeta Mathur ceased to be a Director on completion of her term on September 22, 2017

** Ms. Apinder Sodhi was appointed as an Additional Director (Independent) of the Company w.e.f. November 1, 2017. Video conferencing facility was provided to facilitate Directors travelling abroad or present at other locations to participate in the Board meetings.

3. BOARD COMMITTEES:

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

NAME OF COMMITTEE	COMPOSITION	TERMS OF REFERENCE
Audit Committee	Sanjit Paul Singh (Chairman) Munish Chandra Gupta Darshan Lal Sharma	<ul style="list-style-type: none"> 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.
Nomination and Remuneration Committee	Munish Chandra Gupta (Chairman) Shri Paul Oswal Surinder Kumar Bansal	<ul style="list-style-type: none"> The role of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Formulated and recommended Nomination and Remuneration Policy. The Nomination & Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013. Nomination and Remuneration Policy of the Company forms part of the Board Report as Annexure II.
Corporate Social Responsibility Committee	Sachit Jain (Chairman) Bal Krishan Choudhary Munish Chandra Gupta	<ul style="list-style-type: none"> 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: https://www.vardhman.com/user_files/investor/61a990114df67d8501b530691cbe89070be539571436265843.pdf During the year, the Company has spent ₹ 34 Lakhs (approx.) on CSR activities. The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as Annexure I.
Stakeholders' Relationship Committee	Munish Chandra Gupta (Chairman) *Geeta Mathur Bal Krishan Choudhary	<ul style="list-style-type: none"> The Committee reviews and ensures redressal of investor grievances. The Committee noted that during the year the Company received 25 complaints from Investors. There is no pendency in respect of shares received for transfer during 2017-2018 except those that are disputed/sub-judice.

* Ms. Geeta Mathur ceased to be a Director on completion of her term on September 22, 2017

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

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

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

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 2017 was held on 1st November, 2017 to evaluate the performance of Non-Independent Directors of the Company, Chairman of the Company and the Board as a whole.

Performance Evaluation

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

A policy on the performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of non-executive directors and executive directors have 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

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 2017-18 is as given below:

(₹ in Lakhs)

Name	Designation	Salary	Perquisites & Allowances	Retirement Benefit	Commission	Gross remuneration
Bal Krishan Choudhary	Managing Director	50.64	6.32	-	27.60	84.56

ii) Non-Executive Directors:

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 2017-18 is given hereunder:

S. NO.	NAME OF DIRECTOR	SITTING FEE (₹)
1.	Munish Chandra Gupta	3,20,000
2.	Sanjit Paul Singh	1,80,000
3.	Surinder Kumar Bansal	1,15,000
4.	Apinder Sodhi	70,000
5.	Geeta Mathur	25,000

5. SHAREHOLDING DETAIL OF DIRECTORS AS ON 31.03.2018:

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

S.NO.	NAME OF DIRECTOR	NUMBER OF SHARES HELD
1.	Shri Paul Oswal	10
2.	Sachit Jain	10
3.	Darshan Lal Sharma	2,000

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
27 th Annual General Meeting for financial year ended 31 st March, 2017.	Friday, September 22, 2017 at 02:30 p.m.	Regd. Office, Chandigarh Road, Ludhiana-141010.	3
26 th Annual General Meeting for financial year ended 31 st March, 2016.	Monday, September 5, 2016 at 11.00 a.m.	Regd. Office, Chandigarh Road, Ludhiana-141010.	0
25 th Annual General Meeting for financial year ended 31 st March, 2015.	Friday, September 4, 2015 at 03.00 p.m.	Regd. Office, Chandigarh Road, Ludhiana-141010.	2

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 2018-19.

7. DISCLOSURES:

- i. There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large. 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
- 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
- iv. The Company has complied with all the applicable requirements specified in Regulation 17 to 27 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- v. The Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct, as required under SEBI (Prohibition of Insider Trading) Regulations, 2015.
- vi. During the year no case was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- vii. Further, the Company has complied with all mandatory requirements of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015. The Company may take up the non-mandatory requirements of the Listing Regulations in due course of time.
- viii. 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.
- ix. The Company has no material subsidiary.

8. MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Reports, publication of financial results, press releases in leading newspapers 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 "DeshSewak". The Financial Results of the Company are also made available at the Company's web-site www.vardhman.com.

GENERAL INFORMATION FOR SHAREHOLDERS

i) 28th Annual General Meeting:

Date : 27th September, 2018
 Time : 2.30 p.m.
 Venue : Regd. Office, Vardhman Premises,
 Chandigarh Road, Ludhiana-141 010.

ii) Financial Calendar 2018-19 (Tentative)

First Quarter Results : August, 2018
 Second Quarter Results : October, 2018
 Third Quarter Results : February, 2019
 Annual Results : May, 2019

- iii) **Dates of Book Closure** : 17th September, 2018 to 27th September, 2018 (both days inclusive)
- iv) **Dividend payment date** : Within 30 days after declaration
- v) **Listing** : The securities of the Company are listed on the following Stock 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 Stock Exchange.

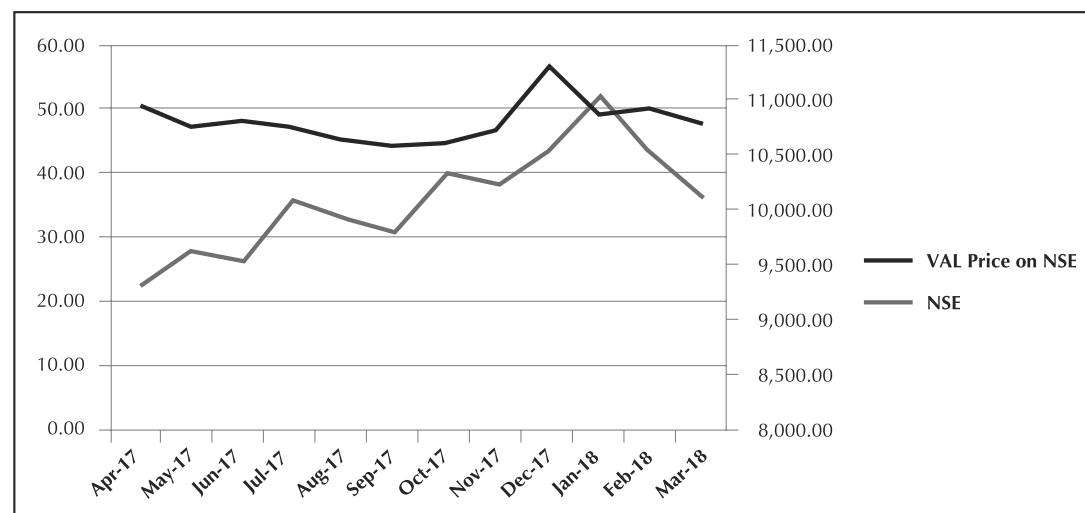
- vi) **Stock Code:**
- The National Stock Exchange of India Limited : VARDHACRLC

vii) **Stock Market Data:**

The month-wise highest and lowest and closing stock prices of NSE during the Financial Year 2017-18 are given below:

Financial Year 2017-18	Share prices of the Company on NSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	% Change Over Last Month's Closing
April	55.95	48.55	50.30	-6.77
May	53.00	45.75	47.10	-6.36
June	50.50	47.10	48.00	1.91
July	50.95	46.00	47.05	-1.98
August	48.40	43.95	44.85	-4.68
September	49.45	42.90	44.00	-1.89
October	45.90	42.70	44.55	1.25
November	48.90	44.05	46.50	4.38
December	59.25	46.10	56.50	21.51
January	58.35	48.70	48.95	-13.36
February	55.70	46.00	49.85	1.84
March	50.90	45.00	47.55	-4.61

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

12/1/5, Manoharpukur Road

Ground Floor, Kolkata 700026

PHONE NUMBERS: 033-40724051/55 FAX NO.: 033-40724050

Email id: subodh@mcsregistrars.com, subodh.mcssta@gmail.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 transfers 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 31st March, 2018:

Range of No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of total Holders	% to Total Holders	Numbers of shares Held	% to Total Shares
Upto-500	6513	64.23	1501299	1.87
501-1000	1716	16.92	1569911	1.95
1001-2000	763	7.52	1282899	1.60
2001-3000	327	3.22	878802	1.09
3001-4000	135	1.33	492228	0.61
4001-5000	182	1.80	885757	1.10
5001-10000	248	2.45	1941365	2.42
10001-50000	203	2.00	4382320	5.45
50001-100000	26	0.26	1902490	2.37
100001 and Above	27	0.27	65526675	81.54
TOTAL	10140	100.00	80363746	100.00

xii) Dematerialisation of shares:

On 31st March, 2018, 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).

CHAIRMAN'S DECLARATION

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, 2018.

Place: Ludhiana
Dated: May 3, 2018

Sd/-
S.P. Oswal
Chairman

INDEPENDENT AUDITORS' COMPLIANCE CERTIFICATE

To
The Members of
Vardhman Acrylics Limited,

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

Managements' Responsibility

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

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with corporate governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Sd/-
(Sanjiv Mohan)
Partner
Membership No. 086066

Place: Gurugram
Date: May 03, 2018

Independent Auditors' Report

To
The Members of
Vardhman Acrylics Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vardhman Acrylics Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

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

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", which forms a part of this report, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, based on our audit, we report, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
 - (e) On the basis of the written representations received from the directors of the Company as on 31st March 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2018 from being appointed as a Director in terms of Section 164(2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting and;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements. Refer Note 33A to the standalone financial statements.
 - ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were to be transferred, to the Investor Education and Protection Fund by the Company.

**For SCV & Co;
Chartered Accountants
Firm Reg. No.000235N**

**Sd/-
(Sanjiv Mohan)
Partner
M. No. 086066**

**Place: Gurugram
Date: 03rd May, 2018**

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Vardhman 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 programme 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 programme, 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 31st March, 2018 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. According to information and explanation given to us, no order under its aforesaid sections has been passed by the Company Law Board, National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal on the Company.
- (vi) We have broadly reviewed the books of account 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 accounts and 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, sales tax, service tax, duty of custom, duty of excise, value added tax, cess, goods and service tax and other statutory dues applicable to it with the appropriate authorities.
According to the information and explanations given to us, no undisputed amounts in respect of statutory dues payable were outstanding as on the last day of the financial year concerned for a period of more than six months from the date they became payable as at 31st March, 2018.
- (b) According to the information and explanations given to us, there are no dues of duty of custom, entry tax

and income 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 duty of excise 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 in 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	2009-10
The Finance Act, 1994	Service Tax	CESTATE, Ahmedabad	2.98	0.29	2.69	2009-10 to 2013-14
The Finance Act, 1994	Service Tax	Commissioner Appeal, Vadodara	2.90	0.22	2.68	2015-16 and 2016-17
The Finance Act, 1994	Service Tax	Additional Commissioner/ Superintendent, Ankleshwar	34.72	–	34.72	2005-06 to 2009-10 and 2016-17 to 2017-18

- (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, clause 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to information and explanations 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 explanations given to us, the company is not a Nidhi Company. Therefore the provisions of paragraph 3(xii) of the Order are not applicable.

- (xiii) According to the information and explanations given to us, and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details of the transactions have been disclosed in the Ind AS 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.
- (xv) According to information and explanations given to us, and based on our examination of the records of the company, the company has not entered into non-cash transactions with director or person connected with them. Accordingly, provisions of paragraph 3 (xv) of the Order are not applicable.
- (xvi) According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For SCV & Co;
Chartered Accountants
Firm Reg. No.000235N**

**Sd/-
(Sanjiv Mohan)
Partner
M. No. 086066**

**Place: Gurugram
Date: 03rd May, 2018**

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Vardhman 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 financials control over financial reporting of Vardhman Acrylics Limited ("the Company") as of 31st March 2018 in conjunction with our audit of standalone 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting

records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 Standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of 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 explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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;
Chartered Accountants
Firm Reg. No.000235N**

**Sd/-
(Sanjiv Mohan)
Partner
M. No. 086066**

**Place: Gurugram
Date: 03rd May, 2018**

BALANCE SHEET as at 31st March 2018

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March 2018	As at 31 st March 2017
ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	5,472.40	5,768.76
(b) Capital work-in-progress		8.57	30.13
(c) Intangible Assets		-	-
(d) Financial Assets			
(i) Investments	4	11,816.82	1,041.12
(ii) Loans	5	0.33	1.71
(iii) Others financial assets	6	33.28	31.17
(e) Other non-current Assets	7	1,252.12	1,266.65
Total of Non-current assets		18,583.52	8,139.54
2 Current assets			
(a) Inventories	8	5,246.52	7,943.79
(b) Financial Assets			
(i) Investments	9	14,138.64	23,748.71
(ii) Trade receivables	10	2,021.89	538.85
(iii) Cash and Cash Equivalents	11	409.30	905.95
Bank Balance other than (iii) above	11A	26.93	11.65
(iv) Short term Loans	12	2.28	6.25
(v) Other financial assets	13	5.68	10.28
(c) Current tax assets (net)		-	-
(d) Other current assets	14	865.20	1,007.91
Total of Current assets		22,716.44	34,173.39
TOTAL OF ASSETS		41,299.96	42,312.93
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	15	8,036.37	8,036.37
(b) Other Equity		23,901.82	21,505.12
Total of Equity		31,938.19	29,541.49
Liabilities			
1 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Other financial liabilities		-	-
(b) Provisions	16	45.50	46.57
(c) Deferred tax liabilities (Net)	17	2,014.01	2,664.57
(d) Other non current liabilities	18	0.78	10.79
Total of Non-current liabilities		2,060.29	2,721.93
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	132.81	88.30
(ii) Trade payables	20	4,076.70	6,455.36
(iii) Other financial liabilities	21	550.75	713.04
(b) Other Current liabilities	22	164.15	241.14
(c) Provisions	22A	57.54	31.84
(d) Current tax liabilities (net)	23	2,319.53	2,519.83
Total of Current liabilities		7,301.48	10,049.51
TOTAL OF EQUITY AND LIABILITIES		41,299.96	42,312.93

See Accompanying Notes Forming Part of the Financial Statements

1 to 46

As per our report of even date attached

For S C V & Co.

Chartered Accountants

Firm Registration No.: 000235N

SANJIV MOHAN

Partner

Membership No.: 086066

ANKUR GAUBA

Company Secretary

Membership No:- 29405

VIVEK GUPTA

Chief Financial Officer

B.K. CHOUDHARY

Managing Director

DIN: 00307110

S.P. OSWAL

Chairman

DIN: 00121737

Place: Gurugram

Date: 03rd May, 2018.

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2018

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31 st March 2018	For the year ended 31 st March 2017
Revenue from operations	24	32,696.66	36,842.96
Other income	25	2,056.29	2,452.67
I. Total revenue		34,752.95	39,295.63
II. Expenses :			
Cost of materials consumed	26	22,413.86	15,864.57
Purchases of stock-in-trade	27	135.05	8,362.49
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	52.91	(595.81)
Employee benefits expense	29	1,440.50	1,350.57
Finance costs	30	73.06	36.13
Depreciation and amortization	3	472.64	460.62
Other expenses	31	5,505.78	8,102.73
Total Expenses		30,093.80	33,581.30
III. Profit before tax (I-II)		4,659.15	5,714.33
IV. Tax expense:			
(1) Current tax		1,449.17	1,632.29
(2) Deferred tax		(647.26)	(28.48)
Total tax expense		801.91	1,603.81
V. Profit (Loss) for the period (III-IV)		3,857.24	4,110.52
VI. Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
Acturial gain / (loss) on defined benefit obligation		(5.25)	(5.69)
Investments through other comprehensive income		(9.56)	(11.70)
Income taxes relating to items that will not be reclassified to profit or loss		1.81	1.96
Deferred taxes relating to items that will not be reclassified to profit or loss		3.32	4.05
B Items that will be reclassified to profit or loss	-		
Income tax relating to items that will be reclassified to profit or loss			
VII. Total Comprehensive Income for the period (V+VI)		3,847.56	4,099.14
Earnings per equity share			
Basic - Par value of ₹ 10 per share		4.80	4.45
Diluted - Par value of ₹ 10 per share		4.80	4.45
See Accompanying Notes Forming Part of the Financial Statements	1 to 46		

As per our report of even date attached

For S C V & Co.

Chartered Accountants

Firm Registration No.: 000235N

SANJIV MOHAN

Partner

Membership No.: 086066

ANKUR GAUBA

Company Secretary

Membership No:- 29405

VIVEK GUPTA

Chief Financial Officer

For and on behalf of the Board of Directors

B.K. CHOUDHARY

Managing Director

DIN: 00307110

S.P. OSWAL

Chairman

DIN: 00121737

Place: Gurugram

Date: 03rd May, 2018.

CASH FLOW STATEMENT for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars	Year ended 31 st March 2018	Year ended 31 st March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4,659.15	5,714.33
Adjustments for :		
Depreciation and Amortization	472.64	460.62
Interest paid	51.45	18.96
Interest received	(142.60)	(212.92)
(Profit)/Loss on sale of investment (net)	(843.36)	(1,607.36)
Dividend on investments	(167.26)	(78.84)
(Profit)/Loss on sale of assets (net)	(3.15)	-
Property, Plant & Equipment written off	3.00	-
Net Gain on fair valuation of investment at fair value through Profit and loss	(827.81)	(384.91)
Bad debts written off / Excess Income Written off / Written off Dead items.	0.62	0.02
Liabilities / Provisions no longer required written back	(41.22)	(166.01)
Operating profit before working capital changes	3,161.46	3743.89
Adjustments for working capital changes:		
Decrease/(increase) in trade receivables	(1,483.04)	(350.12)
Decrease/(increase) in loans, other financial assets & other assets	157.81	(102.06)
Decrease/(increase) in Inventories	2,697.26	(2,695.17)
Increase/(decrease) in trade payables	(2,378.67)	3,342.35
Increase/(decrease) in other financial liabilities & other liabilities	(232.91)	334.94
Increase/(decrease) in provision for employee benefits	21.20	24.15
Cash generated from operations	1,943.11	4,297.98
Income taxes paid	(1,649.45)	(81.62)
Net cash generated from operating activities	293.66	4,216.36
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(169.35)	(128.48)
Sale of property, plant and equipment	14.80	-
Interest received	151.35	204.33
Dividend received	167.26	78.84
Sale of Investments in Mutual Funds/Liquid Funds/Debt Funds	3,473.97	6,742.94
Purchase of Investments in Mutual Funds/Liquid Funds/Debt Funds/ Bonds/Debentures/Fixed Maturity Plans	(2,968.43)	(3,934.91)
Net cash from investing activities	669.60	2,962.72
C. CASH FLOW FROM FINANCING ACTIVITIES		
Buy back of share capital	-	(6,339.77)
Proceeds/(Repayment) from short - term borrowings	42.40	60.84
Dividend paid on equity shares	(1,205.46)	(32.08)
Tax on equity dividend paid	(245.40)	-
Interest paid	(51.45)	(18.96)
Net cash used in financing activities	(1,459.91)	(6,329.97)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(496.65)	849.11
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	905.95	56.84
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	409.30	905.95
Excluding ₹ 33.24 Lakhs (previous year ₹ 31.17 Lakhs) included in other non-current assets		
See accompanying notes forming part of the financial statements	1 to 46	

As per our report of even date attached

For S C V & Co.

Chartered Accountants

Firm Registration No.: 000235N

For and on behalf of the Board of Directors

SANJIV MOHAN

Partner

Membership No.: 086066

ANKUR GAUBA
Company Secretary
Membership No:- 29405

VIVEK GUPTA
Chief Financial Officer

B.K. CHOUDHARY
Managing Director
DIN: 00307110

S.P. OSWAL
Chairman
DIN: 00121737

Place: Gurugram

Date: 03rd May, 2018.

STATEMENT OF CHANGES IN EQUITY

(Amount: INR 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 redemption reserve	Securities premium reserve	General reserve	Retained earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income	
Balance as of 1 April 2016	9,300.78	1,552.47	-	4,006.15	16,729.50	189.61	3.61	31,782.12
Transfer to capital redemption reserve		1,264.41			(1,264.41)			0.00
Bought Back during the year	(1,264.41)							(1,264.41)
Premium on buy back of shares					(5,075.36)			(5,075.36)
Investments through other comprehensive income, net of tax effect						(7.65)		(7.65)
Actuarial gain / (loss) on defined benefit obligation, net of tax effect							(3.73)	(3.73)
Profit for the Year					4,110.52			4,110.52
Balance as of 31 March 2017	8,036.37	2,816.88	-	4,006.15	14,500.25	181.96	(0.12)	29,541.49

(Amount: INR 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 redemption reserve	Securities premium reserve	General reserve	Retained earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income	
Balance as of 1 April 2017	8,036.37	2,816.88	-	4,006.15	14,500.25	181.96	(0.12)	29,541.49
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						(6.24)		(6.24)
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
Balance as of 31 March 2018	8,036.37	2,816.88	-	4,006.15	16,906.63	175.72	(3.56)	31,938.19

Notes to Financial Statements

1. CORPORATE AND GENERAL INFORMATION

Vardhman Acrylics Limited (“the Company”) is a public limited company, incorporated and has its registered office at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab, India. The company has its listing on National Stock Exchange of India Limited.

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

The financial statements are approved by board of directors of the Company on May 03, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES :

(a) Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the 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’) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

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

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

Effective April 1, 2016, the company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards with April 1, 2015 as transition date.

This transition was carried out from Indian Accounting principles generally accepted in India as prescribed, under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule 2014 (IGAAP), which was the previous (GAAP)

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.

Amounts for the year ended and as at March 31, 2017 were audited by previous auditors, S.S. Kothari Mehta & Co.

(b) Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments 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. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and use of assumptions in these financial statements have been disclosed in notes. 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.

(c) Revenue Recognition

i. Sale of goods

Revenue from the sale of goods is recognised on transfer of significant risks and rewards of ownership and effective control to the buyer, as per terms of the contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sales of goods. Revenue is measured at fair value of the consideration received or receivable net of returns (if any), trade discounts and rebates.

Sales are presented gross of excise duty and net of Goods and Service Tax (GST) / Value Added Tax (VAT), wherever applicable.

In accordance with Ind AS 18 on “Revenue” and Schedule III of the Companies Act, 2013, Sales for the previous year ended 31 March 2017 and for the period 1 April to 30 June 2017 were reported gross of Excise Duty and Net of Value Added Tax. 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/Sales Tax, 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.

ii. Interest income

Interest income is recognized using effective interest rate (EIR).

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 schemes 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

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 - 10-25 years.

Office Equipment - 5 Years

Computer Equipment - 3 years.

Furniture and fittings - 10 years

Vehicles excluding Motor cycles- 08 years.

Motor cycles – 10 years.

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) 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.

(g) Inventories

Inventories of raw materials, stores and spares, trading goods, 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.

(h) Borrowing Costs

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

(i) 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.

(j) Taxes on Income

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

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

Deferred 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 and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(k) 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.

(l) 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 translated 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 of monetary items or on reporting of monetary items at rates different from rates at which these were translated on initial recognition 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 recorded 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.

(m) 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.

(n) 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.

(o) 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 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 except for trade receivables which are initially recognized at transaction price.

Transaction cost that are directly attributable to the acquisition or issue of financial assets and 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.

The company has made 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. Further, in cases where the company has made an irrevocable election based on its business model, for its investment which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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 value through profit or loss.

4. Financial liabilities

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

➤ Derivative financial instruments

The Company 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 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.

➤ Equity 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 financial asset and the transfer qualifies for derecognition under Ind AS 109.

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

Fair value of financial instruments

The fair value of financial instruments is determined using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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.

(p) Impairment of assets**i) Financial assets**

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

ii) 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.

(q) Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows include bank balances, where the original maturity is three months or less. 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.

(r) 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.

(s) Provisions and Contingent liabilities:

A provision is recognized if, as a result of past event, the company has a present obligation (legal or constructive) and on management judgement that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

Contingent liability is disclosed in the case of:

- Ø A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- Ø A present obligation arising from past events, when no reliable estimate is possible;
- Ø A possible obligation arising from past events, unless the probability of outflow of resources is remote.

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

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

Environment Obligations

Provisions for environment obligations represent liabilities towards costs expected to be incurred to treat contaminated soil/effluents at its manufacturing locations, wherever required by local laws.

(t) **Critical accounting estimates**

Useful lives of property, plant and equipment

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

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

Recoverable amount of property, plant and equipment

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

Post-retirement benefit plans

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

Recognition of deferred tax assets

Recognition of deferred tax assets depends upon the availability of future profits against which tax losses carried forward can be used.

(u) **Recent Accounting pronouncements:**

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, “Foreign Currency Transactions and Advance Consideration” which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The amendment is applicable for annual reporting periods beginning on or after April 1, 2018. The Company is evaluating the impact of this amendment on its financial statements.

Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

3 Property, plant and equipment

(₹ in Lakhs)

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

Particulars	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	103.53	6669.03
Additions	12.43	79.42	0.32	49.54	49.22	190.93
Deletions	(2.93)	(3.31)	0.00	(13.20)	(0.13)	(19.56)
Gross Carrying Value as of March 31, 2018	1558.31	4998.36	11.74	119.35	152.62	6840.40
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	0.30	0.00	4.57	0.04	4.91
Accumulated depreciation as of March 31, 2018	(192.38)	(1106.26)	(4.34)	(27.48)	(37.54)	(1368.00)
Carrying Value as of March 31, 2018	1365.93	3892.10	7.41	91.87	115.09	5472.40
Carrying Value as of April 1, 2017	1421.20	4196.19	8.66	61.68	81.03	5768.76

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2017 are as follows:

(₹ in Lakhs)

Particulars	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office Equipment	Total
Gross Carrying Value as of April 1, 2016	1548.81	4828.48	10.18	81.79	90.70	6559.96
Additions	0.00	93.77	1.25	1.22	12.83	109.07
Deletions	-	-	-	-	-	-
Gross Carrying Value as of March 31, 2017	1548.81	4922.25	11.43	83.01	103.53	6669.03
Accumulated depreciation as of April 1, 2016	(62.89)	(352.57)	(1.36)	(10.60)	(12.23)	(439.65)
Depreciation	(64.72)	(373.49)	(1.41)	(10.73)	(10.27)	(460.62)
Accumulated depreciation on Deletions	-	-	-	-	-	-
Accumulated depreciation as of March 31, 2017	(127.61)	(726.06)	(2.77)	(21.33)	(22.50)	(900.27)
Carrying Value as of March 31, 2017	1421.20	4196.19	8.66	61.68	81.03	5768.76
Carrying Value as of April 1, 2016	1485.92	4475.91	8.82	71.19	78.47	6120.31

(₹ in Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017
4 Non current investments		
Investments at Fair value through Other Comprehensive Income		
Non trade		
Equity Shares		
(Unquoted)		
1,647,525 (31 March 2017: 1,647,525) Equity Shares of ₹ 10/- each fully paid up of Narmada clean Tech (formerly known as Bharuch Eco-Aqua Infrastructure Ltd.)	433.46	443.02
Investments at Fair value through Profit or loss		
(Quoted)		
Investment in Bonds		
100 (31 March 2017 : Nil) Non-Convertible Debentures of ₹ 1,000,000/- each of JM Financial Products Limited TR-BE-XX Opt IA & IB BR 29NV19 FVRS10LAC	1,014.53	-
150 (31 March 2017 : Nil) Non-Convertible Debentures of ₹ 1,000,000/- each of JM Financial Products Limited TR-BL-IV OPT III BR 16DC19 FVRS10LAC	1,523.21	-
6000 (31 March 2017 : Nil) Non-Convertible Debentures of ₹ 100,000/- each of ECAP Equities Limited SR-J9J701A 24MR20 FVRS1LAC	6,219.00	-
Investments in Mutual Funds; Debt Funds; Fixed Maturity plans		
(Quoted)		
Investment in Mutual Fund		
Nil (31 March 2017: 50,00,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXII-VI Growth Plan	-	598.10
26,000,000 (31 March 2017: Nil) Units of ₹ 10/- each of HDFC FMP1150D March 2018 (1) Direct Growth Series -39	2,626.62	-
Total	11,816.82	1,041.12
Aggregate amount of quoted investments	11,383.36	598.10
Aggregate market value of quoted investments	11,383.36	598.10
Aggregate amount of unquoted investments	433.46	443.02
Aggregate amount of impairment in value of investments	-	-
5 Loans		
Non Current (Unsecured considered good, unless otherwise stated)		
Financial assets at amortized cost		
- Loans to employees	0.33	1.71
	0.33	1.71

(₹ in Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017
6 Other financial assets		
Non Current		
Financial assets at amortized cost		
Bank deposits (due to mature after twelve months from the reporting date)	33.28	31.17
	33.28	31.17
7 Other Non Current Assets		
Security deposits	89.52	88.43
Deferred Expense for Employee benefit	0.05	0.24
Prepayments of lease hold land premium	1,162.55	1,177.98
	1,252.12	1,266.65
8 Inventories (at cost or net realizable value, whichever is lower)		
Raw Materials	1,917.93	1,579.85
Raw Materials in transit	1,186.61	3,853.72
Finished Goods	865.02	1,285.78
Work in Progress	413.76	202.36
Stores and Spares	863.20	888.73
Trading goods in transit (Fibre)	-	133.35
	5,246.52	7,943.79
9 Current Investments		
Investments at Fair value through Profit or loss		
<u>(Quoted)</u>		
Investments in Preference Shares		
5,00,000 (31 March 2017: 5,00,000) Preference Redeemable Shares of ₹ 100/- each of L&T	508.28	500.05
11,350,000 (31 March 2017: 11,350,000) Preference Shares of ₹ 8/- (31 March 2017: ₹ 10/-) each of 6% Zee Entertainment Enterprises Limited	862.60	1,072.58
<u>(Quoted)</u>		
(i) <u>Investment in Bonds/Debentures</u>		
Nil (31 March 2017 : 1,000) Units of ₹ 1,00,000/- each of IIFL Wealth Finance Ltd	-	1,048.84
Nil (31 March 2017 : 250) Units of ₹ 10,00,000/- each of JM Financial Products Ltd	-	2,500.00
94 (31 March 2017 : Nil) Non-Convertible Debentures of ₹ 10,00,000/- each of JM Financial Products Limited Tranche-AU BR 10DC18 FVRS10LAC	1,003.26	-
(ii) <u>Investment in Mutual Funds</u>		
Nil (31 March 2017: 1,00,00,000) Units of ₹ 10/- each of Reliance Fixed Horizon Fund -XXV-Series 16-Growth Plan	-	1,295.76

(₹ in Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017
Nil (31 March 2017: 25,000,000) Units of ₹ 10/- each of Kotak FMP Series 150 Growth	-	3,275.68
Nil (31 March 2017: 15,000,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XVIII-I (400 Days) Direct Growth Plan	-	1,927.11
Nil (31 March 2017: 10,000,000) Units of ₹ 10/- each of DSP Blackrock FTP - Series 44 -36 Month Direct Growth	-	1,263.66
Nil (31 March 2017: 60,779) Units of ₹ 1,000 /- each of Principal Bank CD Fund-Direct Plan Growth.	-	1,284.15
21,320,689 (31 March 2017: 21,320,689) Units of ₹ 10/- each of Edelweiss banking (earlier known as JP Morgan Indian banking) and PSU debt fund - Direct plan-Growth option	3,107.43	2,913.15
9,690,611 (31 March 2017: 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	1,753.84
Nil (31 March 2017: 22,430,779) Units of ₹ 10/ each of Edelweiss Banking (earlier known as JP Morgan Indian banking) and PSU debt fund -Regular plan-Growth option	-	3,032.78
3,335,393 (31 March 2017: 3,335,393) Units of ₹ 10/ each of IDFC Dynamic bond fund - Growth -Direct plan	720.78	698.81
Nil (31 March 2017 : 781) Units of ₹ 1,000 /- each of Principal Low Duration Fund - Direct Plan Growth	-	20.75
22,443 (31 March 2017 : 45,510) Units of ₹1,000 /- each of SBI Premier Liquid Fund- Dir Plan Growth	611.44	1,161.55
19,974,912 (31 March 2017 : Nil) Units of ₹ 10 / each of L & T Resurgent India Corporate Bond Fund Direct Growth	2,668.71	-
11,831 (31 March 2017: Nil) Units of ₹ 1000/- each of Principal Cash Management Fund - Direct Plan Growth	200.34	-
16,592 (31 March 2017: Nil) Units of ₹ 1000/- each of Kotak Floater - Direct Plan - Growth	473.18	-
13,854,704 (31 March 2017: Nil) Units of ₹ 10/- each of Axis Enhanced Arbitrage Fund Direct Dividend	1,514.40	-
5,000,000 (31 March 2017: Nil) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXII-VI Growth Plan	649.70	-
	14,138.64	23,748.71
Aggregate amount of quoted investments	14,138.64	23,748.71
Market value of quoted investments	14,138.64	23,748.71
10 Trade receivables (unsecured and considered good, unless otherwise stated)		
- Unsecured, considered good unless otherwise stated	2,021.89	538.85
- Doubtful	4.84	4.84
Less: Allowances for doubtful trade receivables	(4.84)	(4.84)
	2,021.89	538.85

(₹ in Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017
11 Cash and cash equivalents		
Cash and cash equivalents		
- cash in hand	0.22	0.16
Balance with banks :		
- On current accounts	409.08	300.12
- On cash credit accounts	-	605.67
	<u>409.30</u>	<u>905.95</u>
11A Bank balances other than cash and cash equivalents		
Other Bank Balance		
Earmarked Balance with Banks	26.93	11.65
	<u>26.93</u>	<u>11.65</u>
* Earmarked balances with Bank pertains to Dividend Account		
12 Loans		
Financial assets at amortized cost		
- Loans to employees	2.28	6.25
	<u>2.28</u>	<u>6.25</u>
13 Other financial assets		
Financial assets at amortized cost		
- Interest Accrued but not due	0.26	9.01
- Advances to employees	5.42	1.27
	<u>5.68</u>	<u>10.28</u>
14 Other current assets <i>(Unsecured considered good, unless otherwise stated)</i>		
Advances to Suppliers		
- For supply of goods and rendering of services	327.80	350.51
Prepaid expenses	29.53	27.19
Security Deposits	-	1.75
Balances and Deposits with Government Authorities or Others	492.34	612.82
Deferred Expense for Employee benefits	0.10	0.21
Prepayments of Lease hold land premium	15.43	15.43
	<u>865.20</u>	<u>1,007.91</u>
15 Equity Share Capital		
Authorised		
Equity Shares, ₹10/- par value		
150,000,000 (Previous Year 150,000,000)	15,000.00	15,000.00
	<u>15,000.00</u>	<u>15,000.00</u>
Issued, Subscribed and Paid-up		
Equity Shares, ₹10/- par value		
80,363,746 (Previous Year 80,363,746) equity shares fully paid up	8,036.37	8,036.37
Total issued, subscribed and fully paid-up share capital	<u>8,036.37</u>	<u>8,036.37</u>

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

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
At the beginning of the period	80,363,746	8,036.37	93,007,836	9,300.78
Add: Issued during the reporting period	-	-	-	-
Less: Bought back during the period	-	-	12,644,090	1,264.41
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 31.03.2018 (₹ in Lakhs)	As at 31.03.2017 (₹ 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*	5,685.51	5,685.51
VTL Investments Limited, the fellow subsidiary of Company 70,330 (previous year 70,330) Equity Shares of ₹10/- each fully paid	7.03	7.03

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

Names of Shareholders	As at 31.03.2018		As at 31.03.2017	
	No. of shares	% of shares	No. of shares	% of shares
Vardhman Textiles Ltd.	56,851,144	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, 2018

Year	Number of Shares	Class of Shares
Financia Year 2016-17	12,644,090	Equity Shares
Financia Year 2015-16	-	-
Financia Year 2014-15	-	-
Financia Year 2013-14	1,618,512	Equity Shares
Financia Year 2012-13	13,906,160	Equity Shares

(₹ in Lakhs)

PARTICULARS	As at 31.03.2018	As at 31.03.2017
16 Provisions (Non-Current)		
Provision for employee benefits		
- Provision for compensated absences	45.50	46.57
	<u>45.50</u>	<u>46.57</u>
17 Deferred tax liabilities (net)		
Deferred tax liabilities (net)	2,014.01	2,664.57
	<u>2,014.01</u>	<u>2,664.57</u>
18 Other Non Current liabilities		
- Other liabilities	0.78	10.79
	<u>0.78</u>	<u>10.79</u>
19 Short-term borrowings		
Secured :		
Cash credit from banks (secured)*	132.81	88.30
	<u>132.81</u>	<u>88.30</u>
*Cash credit from banks is secured by hypothecation of entire present and future tangible current assets and second charge on all movable assets.		
20 Trade payables		
Trade payables (Refer Note 43)	4,076.70	6,455.36
	<u>4,076.70</u>	<u>6,455.36</u>
21 Other financial Current liabilities :		
Financial liabilities at amortized cost		
- Unpaid Dividend*	26.93	11.65
- Salaries and benefits	174.63	155.62
- Others	349.19	316.06
Financial liabilities at Fair value through Profit or Loss		
- Derivative Financial Instruments	-	229.71
	<u>550.75</u>	<u>713.04</u>
* Unpaid dividend donot include any amount due and outstanding required to be credited to the Investors Education and Protection Fund.		
22 Other current liabilities		
- Securities Received	3.30	5.71
- Withholding and other tax payables	65.96	160.47
- Trade deposits and advances	74.60	62.42
- Others	20.29	12.54
	<u>164.15</u>	<u>241.14</u>
22 A Provisions		
- Gratuity	38.04	19.02
- Compensated absences	19.50	12.82
	<u>57.54</u>	<u>31.84</u>
23 Current tax liabilities (net)		
- Provision for taxation (Net of advance taxes ₹ 11,948.32 Lakhs, Previous year ₹10,300.68 Lakhs)	2,319.53	2,519.83
	<u>2,319.53</u>	<u>2,519.83</u>

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2018	Year ended 31 March 2017
24 Revenue from operations		
Sale of products		
Finished Goods (Fibre & Tow)	32,534.16	28,306.95
Trading Goods (Fibre)	138.39	7,855.14
Trading Goods (Acrylonitrile)	-	637.31
Other Operating Revenue	24.11	43.56
	<u>32,696.66</u>	<u>36,842.96</u>
25 Other Income		
Interest income on financial assets carried at amortized cost	142.60	212.92
Dividend income on investments carried at fair value -		
- through Profit and loss	167.26	78.84
Net Gain on sale of investment carried at fair value through Profit and loss (Net of Reversal)	843.36	1,607.36
Net Gain on fair valuation of investment at fair value through Profit and loss	827.81	384.91
Insurance claims received	2.03	1.61
Sundry balances/Liabilities/Provisions no longer required, written back/off (net).	41.22	166.01
Other non operating income	1.16	0.71
Net Gain on sale of Plant, property and Equipment	3.15	-
Exchange Rate Fluctuation (Net)	27.48	-
Other financial assets carried at amortized cost	0.22	0.31
	<u>2,056.29</u>	<u>2,452.67</u>
26 Cost of Materials Consumed		
Inventory at the beginning of the year	1,579.85	943.24
Add : Purchases	22,751.94	16,501.18
	<u>24,331.79</u>	<u>17,444.42</u>
Less: inventory at the end of the year	1,917.93	1,579.85
Cost of raw material and components consumed	<u>22,413.86</u>	<u>15,864.57</u>
Raw materials consumed (Major Heads)		
Acrylonitrile	20,697.38	14,272.13
Vinyl Acetate Monomer	1,168.78	1,037.81
Others	547.70	554.63
	<u>22,413.86</u>	<u>15,864.57</u>
27 Purchases of Stock-in-Trade		
Acrylic Fibre	135.05	7,734.66
Acrylonitrile	-	627.83
	<u>135.05</u>	<u>8,362.49</u>
28 Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade		
Inventories at the beginning of the year		
Work-in-Progress	202.36	204.66
Finished Goods	1,285.78	617.87
	<u>1,488.14</u>	<u>822.53</u>
Less - Inventories at the end of the year		
Work-in-Progress	413.76	202.36
Finished Goods	865.02	1,285.78
	<u>1,278.78</u>	<u>1,488.14</u>
Net (increase) / decrease in opening and closing stock	<u>209.36</u>	<u>(665.61)</u>
Net movement in excise duty on finished goods	<u>(156.45)</u>	<u>69.80</u>
	<u>52.91</u>	<u>(595.81)</u>
Stock Particulars of Finished Goods		
Fibre & Tow	QTY (MT) 579.09	904.03

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2018	Year ended 31 March 2017
29 Employee Benefits Expenses		
Salaries, wages and other allowances	1,336.40	1,257.01
Amortization of Deferred Employee benefits	0.22	0.31
Contribution to Provident and other Funds	73.74	69.15
Staff welfare	30.14	24.10
	<u>1,440.50</u>	<u>1,350.57</u>
30 Finance Costs		
Interest on		
- Working capital and others	51.45	18.96
Other borrowing cost	21.61	17.17
	<u>73.06</u>	<u>36.13</u>
31 Other Expenses		
Power and fuel	2,179.56	2,407.48
Water charges	259.28	226.30
Consumption of stores and spares	376.85	336.35
Repair and maintenance		
- Machinery	429.88	521.22
- Building	51.34	35.92
- Other	6.33	14.69
Rent	18.21	26.56
Rates and Taxes	406.96	344.32
Insurance	21.20	20.58
Payment to auditor		
Audit fee	2.20	2.21
Tax audit fee	0.40	0.40
Reimbursement of expenses	0.82	0.04
In other capacity	0.13	0.69
Legal and professional	46.70	80.22
Travelling and conveyance	30.92	31.53
Printing and Stationery	9.44	11.63
Postage, telegram and telephones	9.68	14.26
Bad debts written off / Excess Income Written off	0.62	0.02
Exchange rate fluctuation (Net)	-	59.13
Property, Plant and Equipment written off	3.00	-
Expenditure of CSR activities (refer note 44)	34.11	51.43
Allocation of common corporate expenses	83.14	79.00
Excise duty on sales (Refer Note 45)	731.03	3,127.73
Recruitment expenses	10.95	5.85
Miscellaneous expenses	61.23	59.45
Selling expenses	731.80	645.72
	<u>5,505.78</u>	<u>8,102.73</u>

32 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 31 st 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		
Assets:							
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	33.28					33.28	33.28
Current Investments			14,138.64			14,138.64	14,138.64
Trade receivables	2,021.89					2,021.89	2,021.89
Cash and cash equivalents	409.30					409.30	409.30
Short term loans	2.28					2.28	2.28
Other financial current assets	5.68					5.68	5.68
Total	2,472.76	-	25,522.00	433.46	-	28,428.22	28,428.22
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
Total	4,760.26	-	-	-	-	4,760.26	4,760.26

As at 31 st March 2017							(₹ 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			598.10	443.02		1,041.12	1,041.12
Long term loans	1.71					1.71	1.71
Other financial non-current assets	31.17					31.17	31.17
Current Investments			23,748.71			23,748.71	23,748.71
Trade receivables	538.85					538.85	538.85
Cash and cash equivalents	905.95					905.95	905.95
Short term loans	6.25					6.25	6.25
Other financial current assets	10.28					10.28	10.28
Total	1,494.21	-	24,346.81	443.02	-	26,284.04	26,284.04
Liabilities:							
Long term borrowings	-					-	-
Short term borrowings	88.30					88.30	88.30
Trade Payables	6,455.36					6,455.36	6,455.36
Other financial current liabilities	483.33		229.71			713.04	713.04
Total	7,026.99	-	229.71	-	-	7,256.70	7,256.70

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

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

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

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

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value:**As at 31st March 2018****(₹ in Lakhs)**

Particulars	Fair Value	Fair Value measurement using		
		Level 1	Level 2	Level 3
Long term Investments				
Fair Value through Profit and Loss	11,383.36	11,383.36		
Fair Value through Other Comprehensive Income (OCI)	433.46			433.46
Current Investments				
Fair Value through Profit and Loss	14,138.64	14,138.64		
Other financial current liabilities				
- Derivative financial instruments	-		-	

As at 31st March 2017**(₹ in Lakhs)**

Particulars	Fair Value	Fair Value measurement using		
		Level 1	Level 2	Level 3
Long term Investments				
Fair Value through Profit and Loss	598.10	598.10		
Fair Value through Other Comprehensive Income (OCI)	443.02			443.02
Current Investments				
Fair Value through Profit and Loss	23,748.71	23,748.71		
Other financial current liabilities				
- Derivative financial instruments	229.71		229.71	

33. Contingent Liabilities and Commitments:**(₹ in Lakhs)**

	As at March 31, 2018	As at March 31, 2017
A. Contingent Liabilities		
a) Letters of Credit Outstanding	2,682.81	232.57
b) Bank Guarantees	108.08	108.08
c) Service Tax, Excise duty, VAT and cenvat credit under dispute against which appeals have been filed / are being filed.	51.08	65.92
d) The Company has contested demand in respect of Sales tax / GVAT amounting to ₹ 379.01 Lakhs (31 March 2017 ₹ 379.01 Lakhs). As against the above demand a sum of ₹45.04 Lakhs (31 March 2017: ₹ 45.04 Lakhs) has been deposited under protest and stands under the head "Other current Assets-Balances and Deposits with Government Authorities or Others". The company has filed an appeal with Appellate Authorities and is advised that the demand is not in accordance with law. No Provision therefore, has been made in accounts in respect thereof.		
e) The Company has contested the additional demand in respect of income tax amounting to ₹ 24.34 Lakhs (31 March 2017: ₹ 117.59 Lakhs). Pending appeal with appellate authorities, provision of ₹ 29.88 Lakhs (31 March 2017: ₹ 48.29 Lakhs) has not been made in the books of account as the company is confident to get the desired relief, however the said demand has been adjusted against the dues to the company.		

B. Commitments		(₹ in Lakhs)	
Capital and other commitments		As at	As at
		March 31, 2018	March 31, 2017
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	44.77	-

Notes:-

- a) The company does not expect any reimbursement in respect of the above contingent liabilities.
- b) It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (c) to (e) above, pending resolution of the appellate proceedings.

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

Gratuity 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, 2018 and March 31, 2017.

a. Changes in defined benefit obligation		(₹ in Lakhs)	
Particulars	As at	As at	
	March 31, 2018	March 31, 2017	
Present value of obligation, as at the beginning of the year	145.98	118.99	
Current service cost	18.24	17.49	
Interest cost	11.01	9.52	
Actuarial (gain)/ loss	1.07	4.95	
Actual Benefits Paid	(4.27)	(4.97)	
Past service cost including curtailment gains / losses	17.47	-	
Present value of defined benefit obligation at the end of the year	189.50	145.98	

b. Change in plan assets:		(₹ in Lakhs)	
Particulars	As at	As at	
	March 31, 2018	March 31, 2017	
Plan Assets, as at beginning of the year	126.96	108.70	
Expected return on Plan Assets	9.57	8.70	
Contribution by the company	19.10	10.29	
Return on plan assets, greater/(lesser) than expected return	(4.19)	(0.73)	
Actual Benefits Paid	(0.00)	(0.00)	
Plan Assets, as at end of the year	151.44	126.96	

Net liability recognized in balance sheet :		(₹ in Lakhs)	
Particulars	As at	As at	
	March 31, 2018	March 31, 2017	
Non-current provisions	-	-	
Current provisions	38.04	19.02	

c. Constitution of plan assets		(₹ in Lakhs)	
Particulars	As at March 31, 2018	As at March 31, 2017	
Quoted			
Corporate Bonds	58.36	49.17	
Government of India Securities	70.23	54.03	
State government/State government guaranteed securities	-	-	
Mutual funds	20.29	23.52	
Unquoted			
Deposit with banks	0.00	0.00	
Cash at bank and receivables	2.56	0.24	
Funding with insurance companies	0.00	0.00	
Total plan assets	151.44	126.96	
d. Cost Recognized in statement of profit and loss		(₹ in Lakhs)	
Particulars	As at March 31, 2018	As at March 31, 2017	
Current service cost (net of recoveries)	35.71	17.49	
Interest cost	1.43	0.82	
Net cost	37.14	18.31	
e. Re-measurements recognized in other comprehensive income (OCI):		(₹ in Lakhs)	
Particulars	As at March 31, 2018	As at March 31, 2017	
Actuarial gain/ (loss)	(1.07)	(4.95)	
Actuarial gain/ (loss) on assets	(4.19)	(0.73)	
Net Income/ (expense) for the period recognized in OCI	(5.26)	(5.68)	
f. The quantitative sensitivity analysis on net liability recognized on account of change in significant assumptions:		(₹ in Lakhs)	
Particulars	As at March 31, 2018	As at March 31, 2017	
Discount Rate			
0.50% Increase	(5.45)	(5.07)	
0.50% decrease	5.85	5.45	
Future Salary increase			
0.50% Increase	5.92	5.50	
0.50% decrease	(5.57)	(5.16)	
As per Actuarial Certificate, sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.			
g. The following payments are expected contributions to the defined benefit plan in future years (In absolute terms ie. Undiscounted):		(₹ in Lakhs)	
Particulars	As at March 31, 2018	As at March 31, 2017	
Within 1 year	61.48	32.89	
1-5 years	26.15	31.36	
Beyond 5 years	101.87	81.73	
Total expected payments	189.50	145.98	
h. The average duration of the defined benefit plan obligation at the end of the reporting period is 12.91 years (31 March 2017: 13.30 years)			

i. Bifurcation of actuarial gain/loss (₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(Gain)/loss from change in demographic assumptions	-	-
(Gain)/loss from change in financial assumptions	(1.92)	4.60
(Gain)/loss from change in experience assumptions	2.99	0.35
	1.07	4.95

j. The Weighted average actuarial assumptions used to determine benefit obligation as at March 31, 2018 and March 31, 2017 are set out as below (₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Discount Rate (per annum)	7.71	7.54
Weighted average rate of increase in compensation levels	6.00	6.00
Retirement Age (Years)	58	58
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.

k. Mortality Rates for specimen ages

Age	Rate	Age	Rate	Age	Rate
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558
25	0.000984	55	0.007888	85	0.091982
30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628

35. Based on the guiding principles given in Ind AS 108 on "Operating Segments" the company's business activities falls within a single operating segment namely "Acrylic Fibre & Tow". Accordingly, the disclosure segment of Ind AS 108 are not applicable.

Information by Geographic: The company has not made exports during the year and in the preceding years hence the geographic information are also not applicable.

36. 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) Whole time director | Mr. B. K. Choudhary |
| (ii) Non-executive directors | Ms. Apinder Sodhi (w.e.f November-17) |
| | Ms. Geeta Mathur (upto September-17) |
| | Mr. Munish Chandra Gupta |
| | Mr. Sanjit Paul Singh |
| | Mr. Surinder Kumar Bansal |

- (iii) Chief Financial Officer Mr Vivek Gupta
 (iv) Company secretary Ms. Ruchita Vij (upto August' 17)
 Mr. Ankur Gauba (w.e.f. February' 18)

b) 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
3	Joint Venture of Holding company	Vardhman Nisshinbo Garments Company Limited
4	Associate of Holding Company	Vardhman Yarns & Threads Limited

c) Employee benefit trust:-

(i) VAL GRATUITY TRUST FUND

d) Details of transactions entered into with related parties during the year as required by Ind AS 24 on "Related Party Disclosures" of Companies (Indian Accounting Standards) Rules 2015.

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company		Fellow Subsidiary Companies		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)	8,605.48	17,853.96					8,605.48	17,853.96
2	Purchase of goods	6.13	5.68					6.13	5.68
3	Reimbursement of Common Corporate Expenses (Excluding Service Tax/GST)	77.11	76.45					77.11	76.45
4	Interest Received from Inter Corporate Deposits current account balances	1.74	4.61					1.74	4.61
5	***Contractual remuneration		-			126.59	119.27	126.59	119.27
5a	***Contractual remuneration outstanding as on last day of financial year		-			21.66	17.46	21.66	17.46
6	Rent paid (excluding service tax/GST)	2.75	11.03					2.75	11.03
7	Dividend paid	852.77	-					852.77	-
8	Reimbursement of Expenses paid	4.27	21.35					4.27	21.35
9	Reimbursement of Expenses received	9.91	99.68					9.91	99.68
10	Contribution to employee benefit trust	19.09	10.29					19.09	10.29

*** 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.

37. 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 (residential, godown etc.). 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)	
	31-Mar-18	31-Mar-17
Within one year	15.43	26.56
After one year but not more than five years	61.73	61.72
More than five years	1,100.82	1,141.73
	1,177.98	1,230.01

38. 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".

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share: (Number of shares)

Particulars	Year Ended	Year Ended
	March 31, 2018	March 31, 2017
Issued equity shares	80,363,746	93,007,836
Less: Buyback of Shares#	-	12,644,090
Number of Shares at the end	80,363,746	80,363,746
Weighted average shares outstanding - Basic and Diluted – A	80,363,746	92,315,009

Net profit available to equity holders of the Company used in the basic and diluted earnings per share was determined as follows:

Particulars	Year Ended	Year Ended
	March 31, 2018	March 31, 2017
Profit and loss after tax for EPS – B(in Lakhs)	3,857.25	4,110.52
Basic Earnings per share (B/A)	4.80	4.45
Diluted Earnings per share (B/A)	4.80	4.45

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.

39. Income Tax:

- a) Any change in the amount of deferred tax liability on account of change in the enacted tax rates and change in the quantum of depreciation allowable under the tax laws, is disclosed in the statement of profit and loss account as 'Deferred tax adjustment'.

b) Reconciliation of Deferred tax liabilities (net)**(₹ in Lakhs)**

Particulars	As at 31 st March 2018	As at 31 st March 2017
Balance at the beginning of the year	2,664.57	2,697.10
Deferred tax income/expenses during the year recognized in Statement of Profit and loss	(647.26)	(28.48)
Deferred tax income/expenses during the year recognized in Other Comprehensive income	(3.32)	(4.05)
Deferred tax income/expenses during the year recognized directly in equity	-	-
Balance at the end of the year	2,014.01	2,664.57

c) Reconciliation of tax expense and the Profit before tax multiplied by statutory tax rate:

Particulars	As at 31 st March 2018	As at 31 st March 2017
Accounting profit before tax	4,659.15	5,714.33
Tax at Statutory income tax rate of 34.608%/23.072%/11.536% (31st March 2017 34.608%/17.304%/23.072%)	1,612.58	1,918.59
Tax effect of the amounts not deductible for computing taxable income		
Depreciation Difference	82.73	49.12
Disallowance u/s 43B	39.32	34.93
Others	(94.16)	(63.82)
Differential treatment of Investment for income tax	(193.11)	(308.49)
Income tax expense including items that are not reclassified to profit and loss	1,447.36	1630.33

d) Unrecognized temporary differences, unused tax losses and deferred tax asset/liability thereon:

Particulars	As at 31 st March 2018	As at 31 st March 2017
Brought forward losses and unabsorbed depreciation		
Deferred tax asset on above	-	-

40. 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 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 two types of risk: interest rate risk, foreign currency 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 recognized assets and liabilities denominated in a currency other than company's functional currency.

The company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by hedging appropriately. The Company uses foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company's exposure to foreign currency risk was based on the following amounts as at the reporting dates:

Particulars	(Foreign Currency in Lakhs)	
	As at 31 st March 2018	As at 31 st March 2017
Advance to suppliers		
- In USD	0.21	1.76
- In EURO	-	0.01
Net exposure to foreign currency risk (assets)		
- In USD	0.21	1.76
- In EURO	-	0.01
Trade Payables		
- In USD	58.57	84.53
- In EURO	0.02	-
- Foreign Exchange Forward Contracts bought foreign Currency in USD#	(98.95)	(85.66)
Net exposure to foreign currency risk (Liabilities)	-	-
Net exposure to foreign currency risk (Asset)		
- In USD	0.21	1.76
- In EURO	-	0.01

Excess forwards bought against pending purchase order shipment

The following significant exchange rates applied during the year:

Particulars	2017-18 (Average exchange rate)	2016-17 (Average exchange rate)	2017-18 (Year end rates)	2016-17 (Year end rates)
INR/USD	64.46	65.55	65.18	64.86
INR/EURO	75.45	72.20	80.84	69.31

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 2018	As at 31 March 2017
10% Strengthening/weakening of USD against INR	1.37	11.42
10% Strengthening/weakening of EURO against INR	-	0.07

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	(Foreign Currency in Lakhs)	
	As at 31 st March 2018	As at 31 st March 2017
Contracts against export		
- In USD	-	-
Contracts against Import		
- In USD	98.95	85.66
- In EURO	-	-

(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)	
	Financial Year 2017-18	Financial Year 2016-17
Variable rate instruments		
Long term borrowings	-	-
Current maturities of long term debt	-	-
Short term borrowings	132.81	88.30

Cash flow sensitivity analysis for variable rate instruments

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

Particulars	Financial Year 2017-18	Financial Year 2016-17
Increase/ (decrease) in 100 basis point (₹ in Lakhs)	1.33	0.88

(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 falls due.

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

Particulars	(₹ in Lakhs)	
	Financial Year 2017-18	Financial Year 2016-17
Borrowings		
0-3 months	132.81	88.30
3-12 months	-	-
1-2 years	-	-
2-5 years	-	-
More than 5 years	-	-
Trade Payables		
0-3 months	4,076.70	6,455.36
3-12 months	-	-
1-2 years	-	-
2-5 years	-	-
More than 5 years	-	-
Other Financial liabilities		
0-3 months	608.29	744.88
3-12 months	-	-
1-2 years	-	-
2-5 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.

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)	
	Financial Year 2017-18	Financial Year 2016-17
(a) Revenue from top five customers		
- Amount of sales	17,318.36	22,216.84
- % of total sales	52.97%	60.30%
(b) Allowance for doubtful debt		
- Balance at the beginning of the period	-	-
- Impairment loss recognized	-	-
- Amount written off	-	-
- Balance at the end of the period	-	-

Write off policy

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

41. Capital Management

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:

Particulars	(₹ in Lakhs)	
	Financial Year 2017-18	Financial Year 2016-17
Borrowings	132.81	88.30
Less: Cash and cash equivalent	409.30	905.95
Net debt	(276.49)	(817.65)
Total equity	31,938.19	29,541.49
Capital and Net debt	31,661.70	28,723.84
Gearing ratio	-	-

Further, there have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

There were no changes in the objectives, policies or processes for managing capital during the year ended 31 March 2018 and 31 March 2017.

42. 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.
43. The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

Sr. No.	Particulars	(₹ in Lakhs)	
		As at 31.03.2018	As at 31.03.2017
(i)	Principal amount remaining unpaid	39.69	49.93
(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	-	-

44. Expenditure incurred on Corporate Social Responsibility.

As per section 135 of the Companies Act, 2013, a company meeting the applicable threshold, need to spend atleast 2% of the average net profit for the immediate preceeding 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 ₹ 61.61 Lakhs Previous year (₹ 45.98 Lakhs).

(b) Amount spent during the year:

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2018	Year ended March 31, 2017
(i) Construction/ acquisition of any assets	-	-
(ii) On purpose other than (i) above	34.11	51.43
Total	34.11	51.43

45. In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the previous year ended 31 March 2017 and for the period 1 April to 30 June 2017 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 year in comparison to the sales reported under the pre-GST structure of indirect taxes. With the change in structure of indirect taxes, certain expenses where credit of GST is available are also being reported net of taxes.

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

As per our report of even date attached

For S C V & Co.

Chartered Accountants

Firm Registration No.: 000235N

SANJIV MOHAN

Partner

Membership No.: 086066

Place: Gurugram

Date: 03rd May, 2018.

ANKUR GAUBA
Company Secretary
Membership No:- 29405

VIVEK GUPTA
Chief Financial Officer

B.K. CHOUDHARY
Managing Director
DIN: 00307110

S.P. OSWAL
Chairman
DIN: 00121737

For and on behalf of the Board of Directors



Vardhmān

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

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; Website: www.vardhman.com**ATTENDANCE SLIP
E-VOTING PARTICULARS****28TH ANNUAL GENERAL MEETING****2018**

I/We hereby record my/our presence at the 28th Annual General Meeting of Vardhman Acrylics Limited held at the Registered Office of the Company situated at Chandigarh Road, Ludhiana 141 010 on Thursday, the 27th September, 2018 at 02:30 p.m.

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

Member's /Proxy's name in Block Letters

Member's/Proxy's Signature

Note:

1. Please complete the Folio/DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of meeting place.
2. Electronic copy of the Annual Report for 2017-18 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of Annual Report for 2017-18 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.

NOTE: Please read instructions given at Point No. 21 of the Notice of 28th Annual General Meeting annexed in the Annual Report for 2017-18 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; Website: www.vardhman.com**PROXY FORM**

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on Thursday, the 27th day of September, 2018 at 02:30 p.m. 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:-	
Ordinary Business	
1.	Adoption of Financial Statements for the Financial Year ended 31 st March, 2018.
2.	Declaration of Dividend on Equity Shares.
3.	Appointment of Mr. Darshan Lal Sharma as a director liable to retire by rotation.
Special Business	
4.	To enter into Related Party Transactions.
5.	Appointment of Ms. Apinder Sodhi as an Independent Director.
6.	To ratify the remuneration of Cost Auditors for the Financial Year ending March 31, 2019.
7.	To approve continuation of directorship of Mr. Shri Paul Oswal as a non-executive director of the Company.
8.	To approve continuation of directorship of Mr. Munish Chandra Gupta as a non-executive director of the Company.

Sign this day of 2018.

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 ACRYLICS LTD.

MAIN ENTRANCE

PETROL
PUMP

LUDHIANA-CHANDIGARH ROAD

SAMRALA
CHOWK

VARDHMAN
CHOWK

CHANDIGARH >>>

<<< MOTI NAGAR

OPEN GROUND

<<< JALANDHAR >>>

<<< DELHI >>>

<<< RAILWAY STATION, LDH >>>

<<< BUS STAND, LDH >>>

