



Vardhmān

Delivering Excellence. Since 1965.

VARDHMAN ACRYLICS LIMITED

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

Ref.VAL: SCY: SEP: 2020-21

Dated: 4-Sep-2020

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

Dear Sir,

SUBJECT: ANNUAL REPORT (F.Y. 2019-20) OF THE COMPANY, NOTICE CONVENING 30TH ANNUAL GENERAL MEETING, BOOK CLOSURE DATES & E-VOTING INFORMATION

Pursuant to applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform you that the 30th Annual General Meeting ('AGM') of the Members of the Company will be held on **Tuesday, 29th September, 2020 at 10.30 a.m.** through Video Conferencing ("VC") and Other Audio Visual Means ('OAVM'), in compliance with the relevant circulars issued by the Ministry of Corporate Affairs ('MCA') and Securities and Exchange Board of India ('SEBI').

The Register of Members and the Share Transfer Books of the Company will remain closed from **Saturday, 19th September, 2020 to Tuesday, 29th September, 2020** (both days inclusive) for the purpose of AGM.

Further, the Company has fixed **Tuesday, 22nd September, 2020** as the cut-off date to ascertain the eligibility of Members entitled to cast their vote electronically on all the resolutions to be passed at the AGM. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility. The e-voting schedule is as under:

Commencement of E-voting	26 th September, 2020 (09:00 a.m. onwards)
End of E-voting	28 th September, 2020 (upto 05:00 p.m.)

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report (F.Y. 2019-20) along with the



YARNS | FABRICS | THREADS | GARMENTS | FIBRES | STEELS



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Notice convening the 30th AGM of the Company. The said documents are also available on the website of the Company at www.vardhman.com.

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

Thanking you,

Yours faithfully,

For VARDHMAN ACRYLICS LIMITED

SATIN KATYAL
(COMPANY SECRETARY)



30th Annual Report 2019-20



Vardhmān

Vardhman Acrylics Limited

COPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Shri Paul Oswal

Chairman

Mr. Bal Krishan Choudhary

Managing Director

Mr. Sachit Jain

Director

Mr. Darshan Lal Sharma

Director

Mr. Munish Chandra Gupta

Independent Director

Mr. Sanjit Paul Singh

Independent Director

Mr. Surinder Kumar Bansal

Independent Director

Mrs. Apinder Sodhi

Independent Director

CHIEF FINANCIAL OFFICER

Mr. Vivek Gupta

COMPANY SECRETARY

Mr. Satin Katyal

AUDITORS

M/s. SCV & Co., LLP

Chartered Accountants

BANKERS

ICICI Bank Limited

Kotak Mahindra Bank Limited

HDFC Bank Limited

REGISTRAR AND TRANSFER AGENT

M/s. MCS Share Transfer Agent Limited
Mumbai

REGISTERED & CORPORATE OFFICE

Vardhman Premises, Chandigarh Road,
Ludhiana-141 010

Phones: (0161) 2228943-48

Fax: (0161) 2601048

E-mail: secretarial.lud@vardhman.com

Website: www.vardhman.com

CIN: L51491PB1990PLC019212

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)

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NOTICE

NOTICE is hereby given that the **THIRTIETH ANNUAL GENERAL MEETING** of Vardhman Acrylics Limited will be held on Tuesday, the 29th day of September, 2020 at 10.30 a.m. through Video Conferencing ("VC")/ Other AudioVisual Means ("OAVM"), to transact the following business:-

ORDINARY BUSINESS:

Item No. 1 – To adopt Financial Statements:

To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2020 together with Report of Board of Directors and Auditors thereon.

Item No. 2 – To re-appoint Mr. Shri Paul Oswal as a director liable to retire by rotation:

To appoint a Director in place of Mr. Shri Paul Oswal (DIN: 00121737), 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. 3: To re-appoint Mrs. Apinder Sodhi as an Independent Director of the Company:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013, read with Schedule IV of the Companies Act, 2013, the rules made thereunder and Regulations 16, 17 & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Apinder Sodhi (DIN: 06642994), Independent Director, whose period of office is expiring on 31st October, 2020 and who has submitted a declaration confirming she meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term in accordance with the provisions of the Companies Act, 2013 and rules

made thereunder and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of three consecutive years w.e.f 1st November, 2020."

Item No. 4: To approve continuation of directorship of Mr. Surinder Kumar Bansal 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 (1A) of the 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. Surinder Kumar Bansal (DIN: 00165583) on his attaining the age of seventy five years i.e. 15th May, 2021 as per his existing terms of appointment, as a non-executive director of the Company."

Item No. 5: To approve continuation of directorship of Mr. S.P. 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 (1A) of the 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. S.P. Oswal (DIN: 00121737) as a non-executive director of the Company."

Item No. 6: 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 30th Annual General Meeting.

RESOLVED FURTHER THAT pursuant to the provisions of Section 189 of the Companies Act, 2013 (as amended or re-enacted from time to time) read with Rule 16 of the Companies (Meeting of Board and its Powers) Rules, 2014, Company Secretary be and is hereby authorized to do the necessary entries in the Register of contracts or arrangements in which Directors are interested and authenticate them.

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

Item No. 7 – To ratify remuneration payable to Cost Auditors for the Financial Year ending March 31, 2021:

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records and Audit) 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 the audit of cost records of the Company for the Financial Year ending 31st March, 2021 be paid the remuneration of Rs. 50,000 plus applicable taxes.

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

By order of the Board

Sd/-

(Satin Katyal)

Company Secretary

Place: Ludhiana

Date: 19th June, 2020

NOTES:

1. Considering the outbreak of Covid-19 pandemic, the Ministry of Corporate Affairs (MCA), vide its General Circular(s) No. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020 and 20/2020 dated May 05, 2020, (Collectively referred as "MCA Circulars") and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 has allowed the Companies to conduct the Annual General Meeting through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") without the physical presence of the members at a common venue. In accordance with, the said circulars of MCA, SEBI and applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 30th AGM of the Company shall be conducted through VC / OAVM. Participation of members through VC / OAVM will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013. The deemed venue for the AGM shall be the Registered Office of the Company.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has engaged the services of Central Depository Services (India) Limited (CDSL) as the agency to provide e- voting facility.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice (Refer Point No. 13). The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel.
4. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form, Route Map and Attendance Slip are not annexed hereto.
5. The Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the AGM, is annexed hereto.
6. The information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 regarding the Directors seeking 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 re-appointment.
7. The Register of Members and the Share Transfer Books of the Company shall remain closed from 19th September, 2020 to 29th September, 2020 (both days inclusive).
8. The relevant Statutory Registers/Documents will be available electronically for inspection by the Members during the AGM. Further, the documents referred to in the Notice, if any, will also be available electronically for inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email at secretarial@lud@vardhman.com.

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

9. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.vardhman.com, website of the Stock Exchange, i.e. National Stock Exchange of India Limited at www.nseindia.com and on website of Central Depository Services (India) Limited (e-voting agency) at www.evotingindia.com.
10. For receiving all communications (including Annual Report) from the Company electronically:
 - a) Members holding shares in physical mode and who have not registered/ updated their email address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at secretarial.lud@vardhman.com or to RTA at mparase@mcsregistrars.com

- b) Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

11. INSTRUCTIONS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The Remote e-Voting period commences on 26th September, 2020 (9:00 a.m.) and ends on 28th September, 2020 (5:00 p.m.) During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd September, 2020, may cast their vote electronically. The Remote e-voting module shall be disabled by CDSL for voting after end of voting period on 28th September, 2020.
- (ii) Members who have already voted through Remote e-Voting would not be entitled to vote during the AGM.
- (iii) The Members should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.

- (v) Now enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (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 e-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 Shareholders holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use first 2 letters of their name & the 8 digits of the sequence number. 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)	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. <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: 200902030 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 a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a 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) Members can also cast their vote using CDSL’s mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective App Store(s). Please follow the instructions as prompted by the mobile app while Remote 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.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 22nd September, 2020 may follow the same instructions as mentioned above for e-Voting.

12. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

- a. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to secretarial.lud@vardhman.com/ mparase@mcsregistrars.com.
- b. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to secretarial.lud@vardhman.com/ mparase@mcsregistrars.com.

13. INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- a. Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL

e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

- b. Members are encouraged to join the Meeting through Laptops / iPads for better experience.
- c. Further members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is, therefore, recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- e. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at secretarial.lud@vardhman.com. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of AGM.
- f. Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

14. INSTRUCTIONS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

- a. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned in point 11 for Remote e-voting.
- b. Only those members, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- c. If any votes are cast by the members through the e-voting available during the AGM and if the same

members have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid, as the facility of e-voting during the meeting is available only to the members attending the meeting.

- d. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
15. If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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 or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
16. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.
17. M/s. Khanna Ashwani & Associates, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner. The Scrutinizer shall upon the conclusion of E-voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
18. The Results of the resolutions passed at the AGM of the Company will be declared within 48 hours of the conclusion of AGM. The results declared along with the Scrutinizer's report shall be simultaneously placed on the Company's website i.e. www.vardhman.com and on the website of CDSL and will be communicated to the Stock Exchange.

Place: Ludhiana
Date: 19th June, 2020

By Order of the Board
Sd/-
Satin Katyal
Company Secretary

ANNEXURE TO THE NOTICE:

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

(For Items No. 3 to 7)

ITEM NO. 3:

Mrs. Apinder Sodhi was appointed as an Independent Director of the Company for a term of three consecutive years, pursuant to approval of the Members under the provisions of the Companies Act, 2013, through resolution passed at the 28th Annual General Meeting held on 27th September, 2018. Now, her term of appointment is expiring on 31st October, 2020.

Considering the rich experience, knowledge, skills, valuable contribution to the Company and overall performance evaluation of Mrs. Apinder Sodhi, the Board of Directors of the Company in its meeting held on 19th June, 2020 had approved and recommended her re-appointment as an Independent Director for a second term of three consecutive years to the Members of the Company for their approval.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company.

Mrs. Apinder Sodhi has given declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, she fulfills the conditions specified in the Act and the rules framed thereunder for appointment as an Independent Director.

The Company has received notice in writing from a member proposing the candidature of Mrs. Apinder Sodhi to be re-appointed as an Independent Director of the Company in accordance with the provisions of the Companies Act, 2013.

Her brief profile is provided at the end of this statement.

The Board of Directors recommends the Special Resolution as set out at Item No. 3 for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mrs. Apinder Sodhi, being appointee, none of the Directors / Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 3.

ITEM NO. 4:

Pursuant to the provisions of Regulation 17 (1A) of the 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. Surinder Kumar Bansal who is going to attain the age of 75 years on 15th May, 2021 a Special Resolution is required to be approved by the Members of the Company.

Mr. Surinder Kumar Bansal holds Bachelor's degree in Science (B.Sc) and is a Fellow Member of the Institute of Chartered Accountants of India. He is having a rich and varied experience of more than 45 Years in Auditing, Financial Planning, and Taxation etc. Now, considering his vast and rich experience, the Board of Directors recommends this Special Resolution for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Surinder Kumar Bansal, none of the Directors/ Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 4.

ITEM NO. 5:

Pursuant to the provisions of Regulation 17 (1A) of the 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. S.P. Oswal who is aged about 78 years and proposed to be re-appointed in this AGM as a director liable to retire by rotation, 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. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST:

Except Mr. Shri Paul Oswal and Mr. Sachit Jain, relative of Mr. Shri Paul Oswal, none of the Directors / Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 5.

ITEM NO. 6:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members in their 29th AGM held on 30th September, 2019 had given approval for entering into Related Party Transactions for the Financial Year 2020-21.

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

Transactions are to be considered as material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company. The material nature of related party transactions being entered by the Company mandates it to seek members approval for such transactions for the Financial Year 2021-22.

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

The Board of Directors recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the Members. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST:

None of the Directors/Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 6.

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) Purchase/ sale of MEIS licenses Purchase/ sale of fixed assets Rent Paid Payment towards sharing of corporate services Reimbursement of expenses (paid/ received) 	At Market Related Prices At Market Related Prices At Cost on Actual Basis	Yes Yes Yes Yes

ITEM NO. 7:

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. Upon the recommendations of the Audit Committee, the Board of Directors in its meeting held on 19th June, 2020 had re-appointed Mr. R.A. Mehta, as Cost Auditor of the Company to conduct Cost Audit for Financial Year ending 31st March, 2021.

Accordingly, the consent of the members is solicited for passing an Ordinary Resolution as set out at Item No. 7 of

the notice for ratification of payment of remuneration of Rs. 50,000/- plus applicable taxes to the Cost Auditor for the Financial Year ending 31st March, 2021.

The Board recommends the Ordinary Resolution as set out at Item No. 7 of the Notice for approval by the Members. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST:

None of the Directors/Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 7.

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

Name of the Director	Mr. S.P. Oswal	Mrs. Apinder Sodhi
Date of Birth	08.04.1942	21.11.1962
Date of Appointment	24.12.1990	01.11.2017
Expertise in specific functional area	Rich experience of more than 50 years in Textile Industry.	Management Professional
Qualification	M.Com (Gold Medalist)	M.B.A
Directorships in Other Listed Companies as on 31st March, 2020	1. Vardhman Textiles Limited 2. Vardhman Holdings Limited	1. Vardhman Holdings Limited
Chairman/Member of Committees of Other Listed Companies as on 31st March, 2020	Nil	Vardhman Holdings Limited Audit Committee: Chairperson Stakeholders Relationship Committee: Chairperson
No. of Shares held	10	Nil
Relationship with other Director(s)	Mr. Sachit Jain is son-in-law of Mr. Shri Paul Oswal.	Not related to any Director

Directors' Report

Dear Members,

The Directors of your Company have pleasure in presenting their 30th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended 31st March, 2020.

1. Financial Results:

The financial performance of your Company for the year ended 31st March, 2020 is as under:

Particulars	(₹ in Lakhs)	
	2019-20	2018-19
Revenue from operations (Net)	33,436.87	39,196.35
Other Income	2,660.74	2,474.68
Profit before Depreciation, Interest & Tax (PBDIT)	5,338.36	5,256.86
Interest and Financial expenses	29.67	43.97
Profit before Depreciation and Tax (PBDT)	5,308.69	5,212.89
Depreciation	523.09	539.79
Profit before Tax (PBT)	4,785.60	4,673.10
Provision for Tax - Current	1,062.89	1,233.13
- Deferred Tax (Net of Adjustment)	(903.79)	(8.79)
- Total tax Expenses	159.10	1,224.34
Profit after tax (PAT)	4,626.50	3,448.76
Other Comprehensive Income	(27.49)	(83.50)
Total Comprehensive Income for the period	4,599.02	3,365.26
Earnings per share (₹)		
- Basic	5.76	4.29
- Diluted	5.76	4.29

2. Management Discussions 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:

Due to ongoing geo-political issues in world especially the trade tension amongst various countries, global GDP and trade were on a downslide in 2019. GDP growth rate of World, USA, China and India in year 2019 were lower as compared to year 2018. Textile

industry has been adversely affected world over due to these trade tensions and the consequential impacts. Acrylic Fiber consumption also witnessed significant erosion with China contributing the highest drop both in production and consumption. The rest of the major global Acrylic Fiber producers also suffered due to overall slowdown of global economy.

Acrylonitrile, which is the primary raw material for Acrylic Fiber is a crude oil derivative. Crude Oil prices in 2019-20 moved largely in a narrow range except for a sharp fall in Jan-20 to Mar-20 reflecting surplus availability on account of impact of Covid-19

pandemic. Despite new capacity addition of 260 KTPA and additional brown field capacity increase of 20 KTPA in Far East Asia, the price movement of ACN was rather in narrow range. Relatively stable crude oil prices also supported lower volatility in ACN prices.

Locally, in India, adverse effect of global slowdown and increased imports were clearly visible. Capacity utilization of domestic Acrylic Fiber industry was low. Large quantity imports at lower prices took place from various countries. Total imports during the year 2019-20 were the highest seen in the past decade. Such imports had an adverse impact on both sales volume and margins of your Company as well overall domestic Acrylic Fiber producing industry. Domestic Acrylic Fiber industry has represented before government of India the grave threat posed by dumping to the domestic industry and the need for suitable measures.

B. Financial Analysis and Review Of Operations:

• Production & Sales Review:

Your Company has achieved a turnover of ₹33,436.87 lakhs against a turnover of ₹ 39,196.35 lakhs in the previous year. After providing for depreciation of ₹ 523.09 lakhs (previous year ₹ 539.79 lakhs) and provision for current tax of ₹1,062.89 lakhs (previous year ₹1,233.13 lakhs), deferred tax of ₹(903.79) lakhs (previous year ₹ (8.79) lakhs), Profit after Tax (after considering Other Comprehensive Income) of the Company is ₹ 4,599.02 lakhs as against ₹ 3,365.26 lakhs in the previous year. This is about 36.67% higher than 2018-19.

Resource Utilization:

(a) Fixed Assets:

The gross fixed assets (including work in-progress) as at 31st March, 2020 were ₹8,808.95 lakhs as compared to ₹7,062.10 lakhs in the previous year.

(b) Current Assets:

The current assets as on 31st March, 2020 were ₹30,589.85 lakhs as against ₹33,138.03 lakhs in the previous year. Inventory level was at ₹6,047.02 lakhs as against ₹7,637.15 lakhs in the previous year.

Financial Conditions & Liquidity:

Liquidity & Capital Resources:

	(₹ in Lakhs)	
Particulars	2019-20	2018-19
Cash & cash equivalents:		
Beginning of the year	176.70	409.29
End of the year	6,279.64	176.70
Net cash provided/ (used) by:		
Operating Activities	416.74	2,550.60
Investing Activities	8,047.29	(778.77)
Financial Activities	(2,361.09)	(2,004.42)

C. Capacity Enhancement Programme

Your Company has been periodically enhancing production capacity by internal efforts since last about a decade. Company now has the necessary approvals to produce 22,000 MT pa. Company took steps during the year 2019-20 to implement the first phase of capacity enhancement programme. This phase of the capacity enhancement has been completed in March 2020 and the capacity now stands enhanced to 21,000 MT pa. Company is now working on second phase of capacity enhancement to 22,000 MT pa likely to be achieved in next financial year. Increase in production is expected to enhance market share of the company, effect savings in operational costs and shore-up profitability.

D. Business Outlook

Effect of Covid19 pandemic on world economy and businesses is far and wide. Company had to shut its operations in March 2020 in compliance with the lockdown advised by the union government and the operations were resumed in May 2020. Global GDP and Trade are being forecast to witness large drop in CY2020 and a part of CY2021 also. Atleast economic growth for the financial year 2020-21 seems to be bleak.

Demand for products of your Company is likely to be lower in FY21 compared to FY20. However, there are factors that may restrict this drop in demand. The finished products made from acrylic fiber of the company are used mainly during the winter season

and are thus seasonable products in nature. In case Covid-19 spread comes under check before onset of winter, it is likely to restrict the drop in Acrylic Fiber demand. Raw material of Acrylic Fiber is a crude oil derivative. Relative lower crude oil prices may lead to cheaper raw material prices which may support consumption. At the same time it is important to note that the crude oil prices and those of its derivatives are likely to remain volatile. Both normal monsoon, as is being forecast currently which will boost agriculture income and the government's thrust on increasing rural incomes are good for demand of Acrylic Fiber.

Global Acrylic Fiber demand is likely to be hit more than Indian demand and a large surplus is likely to emerge. Acrylic Fiber capacities in major producing countries outside India have been running at lower operating rates in the last few months. Many of these, especially those dependent upon exports are expected to continue to be hit most leading to heightened threat of dumping. This development may lead to an adverse impact on margins of your Company.

E. Major Risk and Area of Concern

The adverse impact of Covid-19 pandemic on demand of products of your company is likely to be substantial. The environment of uncertainty prevailing in our country and globally on how long this pandemic will continue in the world including India add to the present concern. Few factors such as relatively stable inflation rate at lower level, normal monsoon forecast and government policy on supporting rural incomes may help restricting the demand drop. Relatively lower crude oil price and impact of the same on entire petro-chain may keep ACN prices at lower level though volatility in crude oil prices and petro derivatives chain may be higher. To sum up, FY 2020-21 is likely to be full of uncertainty & challenges. Dumping of Acrylic Fiber by various countries is likely to add to the woes of domestic acrylic fiber industry.

F. Internal Control Systems and their Adequacy:

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

G. Internal Financial Control:

The Company has in place requisite and adequate controls for financial matters to ensure all compliances - internal as well as statutory. The systems related to these matters are regularly reviewed and updated to keep them in sync with changing times. During the year, no reportable material weakness in the design or operation was observed.

H. Material Developments in Human Resources/ Industrial Relations:

The development of human resource through systematic training, building of congenial work environment, installing culture of ownership and promotion of innovative thinking and approach have always received utmost attention and focus in your Company. Your company has been continuously endeavoring on strengthening culture of team work and commitment to excellence. The industrial relations remained cordial during the year. The Company employed on an average 303 persons during the year.

I. Summary of Key Financial Ratios:

Particulars	2019-20	2018-19	% change
Debtors Turnover Ratio (Days)	10	15	-28.60
Inventory Turnover (Days)	66	71	-7.18
Interest Coverage Ratio (Times)	175	91.70	90.33
Current Ratio (Times)	3.57	3.46	3.17
Debt Equity Ratio (Times)	0.00	0.00	0
EBIDTA Margin (%)	15.97	13.41	19.04
Net Profit Margin (%)	13.84	8.80	57.26
Return on Net Worth (%)	13.02	10.34	25.93

Debtors Turnover ratio decreased due to decrease in trade receivable, on account of lower sales of finished goods during lockdown.

Interest Coverage ratio increased due to lower financial charges in financial year 2019-20.

Net Profit Margin and **Return on Net Worth** of the Company are higher due to reduction in Income tax rate from 34.94% to 25.17% thereby leading to increase in profits.

3. Dividend:

The Board of Directors of your Company has not recommended any dividend for the financial year 2019-20.

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. S. P. Oswal, 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.

Continuation of Non-Executive Directors: Pursuant to the provisions of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, Special Resolution has been proposed to be passed by the Members in the ensuing Annual General Meeting for continuation of directorship of Mr. Surinder Kumar Bansal, Non-executive Director who is going to attain the age of 75 years on 15th May, 2021 and of Mr. S.P. Oswal, Non-executive Director who is aged about 78 years proposed to be re-appointed in this AGM as a director liable to retire by rotation.

Independent Directors: Mrs. Apinder Sodhi, was appointed as an Independent Director of the Company by the members in their 28th Annual General Meeting held on 27th September, 2018 for a term of consecutive three years starting from 1st November, 2017. Since her term of appointment is expiring on 31st October, 2020, the Board of Directors in its meeting held on 19th June, 2020 recommended her re-appointment for the consideration of the members of the Company at the ensuing Annual General Meeting for a term of three (3) consecutive years w.e.f 1st November, 2020.

Declaration by Independent Directors:

The Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements

as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules thereof.

Your Board confirms that in its opinion the Independent Directors possess the requisite integrity, experience, expertise, proficiency and qualifications. All the Independent Directors on the Board of the Company are registered with the Indian Institute of Corporate Affairs, Manesar, Gurgaon (IICA) as notified by the Central Government under Section 150(1) of the Companies Act, 2013 and shall undergo online proficiency self-assessment test, if applicable, within the time prescribed by the IICA.

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

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

The Nomination & Remuneration Policy is annexed hereto and 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 2019 was held on 4th February, 2020 to evaluate the performance of the Non-Independent

Directors, Chairman of the Company and the Board as a whole.

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

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

7. Key Managerial Personnel (KMP):

In compliance with provisions of Section 203 of the Companies Act, 2013, following are the KMPs of the Company as on 31st March, 2020:

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

8. Number of Board Meetings:

During the year under review, the Board met five (5) times and the intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013. The details of Board Meeting are set out in Corporate Governance Report which forms part of this Annual Report.

9. Auditors and Auditors' Report:

Statutory Auditors:

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

The report of the Statutory Auditors along with the Notes to Schedules form 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 6th May, 2019 for the Financial Year 2019-20.

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 31st March, 2020. This Report is self-explanatory and requires no comments. The Report forms part of Directors' Report as **Annexure II**.

Cost Auditor:

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

The Board of Directors has appointed Mr. R.A. Mehta, Practising Cost Accountant, as the Cost Auditor of the Company to conduct Cost Audit of the Accounts for the financial year 2020-21. However, as per provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditor is subject to ratification by members at the Annual General Meeting. Accordingly, the remuneration to be paid to Mr. R.A. Mehta, Practising Cost Accountant, for financial year 2020-21 is placed for ratification by the members.

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

The Audit Committee consists of Mr. S.P. Singh, Mr. M.C. Gupta, Mrs. Apinder Sodhi, Independent Directors and Mr. D.L. Sharma, Director. Mr. S.P. Singh is the Chairman of the Committee and Company Secretary of the Company is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

11. Vigil Mechanism & Sexual Harassment of Women at Workplace:**Vigil Mechanism:**

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013, the Company has established a "Vigil Mechanism" incorporating Whistle Blower Policy

in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for employees and Directors of the Company, for expressing the genuine concerns of unethical behavior, actual or suspected fraud or violation of the codes of conduct by way of direct access to the Chairman/ Chairman of the Audit Committee.

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

The Policy on Vigil Mechanism and Whistle Blower Policy as approved by the Board may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/342a7263db_1c05444c897e9056f0e1d9707cda151436265916.pdf

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

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

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

12. Corporate Governance:

The Company has in place a system of Corporate Governance. Corporate Governance is about maximizing shareholder value legally, ethically and sustainably. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A certificate from the Practising Company Secretary 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 ₹ 68.12 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. Business Responsibility Report (BRR):

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandate the inclusion of the BRR as part of the Annual Report for top 1000 listed entities based on market capitalization. In compliance with the Listing Regulations, we have integrated BRR disclosure into our Annual Report.

16. Internal Financial Controls & its Adequacy:

The Company has in place adequate internal financial controls with reference to financial statements. During the

year, such controls were tested and no reportable material weakness in the design or operation 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 A**.

17. 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. 38 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

18. 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, 9 and 12 to the financial statement).

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

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

20. Annual Return:

Pursuant to the provisions of Section 134 (3) (a) of the Companies Act, 2013, the web address of the Annual Return of the Company is https://www.vardhman.com/user_files/investor/VAL_MGT-9_2019-2020_.pdf

21. 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 303 employees on permanent rolls.

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

22. Particulars of Employees and Related Disclosures:

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

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

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**.

23. Material Changes and Commitment, if any, Affecting the Financial Position of the Company Occurred Between the end of the Financial

Year to which the Financial Statements relate and the date of the Report:

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

24. Directors Responsibility Statement:

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

- a. In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures;
- b. Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the year ended on 31st March, 2020;
- 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.

25. General Disclosures:

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

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

26. 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: Ludhiana
Dated: 19th June, 2020

Sd/-
(S.P. Oswal)
 Chairman

Index of Annexures

Annexure No. Particulars

I	Nomination & Remuneration Policy approved by the Board.
II	Secretarial Audit Report in form no. MR-3 for FY 2019-20.
III	CSR Activities – Annual Report FY 2019-20.
IV	Conservation of energy, technology absorption, foreign exchange earnings and outgo.
V	Particulars of employees and related disclosures.

ANNEXURE-I

Nomination and Remuneration Policy of Vardhman Acrylics Limited

1. Preface:

In terms of the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, this policy on Nomination and Remuneration of Directors and Senior Management has been formulated by the Committee and approved by the Board of Directors in their meeting held on 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:-
 - i. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
 - ii. That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - iii. That remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate of the working of the company and its goals.
- d) To formulate criteria for evaluation of Directors and the Board.
- e) To devise a policy on Board diversity.

3. Membership:

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

4. Chairman:

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

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

5. Frequency of Meetings:

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

6. Committee Members' Interests:

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

7. Secretary:

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

8. Voting:

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

9. Minutes of Committee Meeting:

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

10. Effective Date & Amendments:

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

ANNEXURE- II

Form no. MR-3

Secretarial Audit Report

For the Financial Year Ended on 31st March, 2020

[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,

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 us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, 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, we hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2020 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

- (ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited;

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

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 if any.

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

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

Date: 19th June, 2020

Place: Ludhiana

Certificate of Practice No. 1942

UDIN: FOO2004B000356314

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

Date: 19th June, 2020

Place: Ludhiana

Certificate of Practice No. 1942

ANNEXURE- III

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2019-20

Sr. No.	Particulars	Details
1.	Brief outline of CSR Policy	Broad contours of CSR Policy of the Company: <ol style="list-style-type: none"> Promotion of Education Rural Development Promoting Healthcare Environment protection & energy Conservation Any other project/ programme pertaining to activities listed in Companies (Corporate Social Responsibility) Rules, 2014.
2.	Composition of CSR Committee	The CSR Committee of the Company consists of: <ol style="list-style-type: none"> Mr. Sachit Jain- Chairman Mr. Bal Krishan Choudhary- Member Mr. Munish Chandra Gupta- Member
3.	Average net profit of the Company for last three financial years	₹ 4545.02 Lakhs
4.	Prescribed CSR Expenditure	₹ 90.90 Lakhs
5.	Details of CSR spent during the year: Total amount spent for the financial year Amount unspent, if any Manner in which the amount spent during the financial year	₹ 68.12* Lakhs ₹ 36.90 Lakhs ANNEXURE-A
6.	In case the Company has failed to spend two percent, reason thereof.	The Company has spent 68.12* Lakhs in the financial year 2019-20 on activities as provided in Annexure-A . The prescribed unspent amount will be spent on all ongoing CSR projects in the coming financial year.
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company	ANNEXURE-B

* Includes an amount of ₹ 14.12 lacs spent against CSR projects for FY 2018-19.

ANNEXURE - A

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

Details of Amount spent on CSR Activities During the Financial Year 2019-20

Sr. No	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads	Cumulative expenditure up to the reporting period.	Amount spent: Direct or through implementing agency		
								(2) Specify the state and district where projects or programs was undertaken	Direct expenditure on projects or programs (including over heads)
1	Construction of Aganwadi rooms at Village Randeri.	Promoting Education	Bharuch, Gujarat	13.00	3.89	3.89	Through Implementing Agency		
2	Construction of new classrooms at Govt. Primary School in Kapalsadi Village.	Promoting Education	Bharuch, Gujarat	18.17	3.68	3.68	Through Implementing Agency		
3	Construction of new classrooms at Govt. Primary School in Gumanpura Village.	Promoting Education	Bharuch, Gujarat	18.17	9.10	9.10	Through Implementing Agency		
4	Provided Operation theatre (OT) table to Kasturba Hospital, Jhagadia run by SEWA Rural Trust.	Promoting Healthcare	Bharuch, Gujarat	17.00	16.75	16.75	Direct		
5	Construction of Community Library managed by Gram Panchayat at Selod Village.	Rural Development	Bharuch, Gujarat	14.00	3.52	3.52	Through Implementing Agency		
6	Contribution to State Government to combat COVID-19.	Promoting Healthcare	Ahmedabad, Gujarat	11.00	11.00	11.00	Direct		
7	Distributed Food Kits to the needy people & families during lockdown period to combat Covid-19 at Talodara village.	Promoting Healthcare	Bharuch, Gujarat	2.88	2.87	2.87	Direct		
8	Organised Medical Health Checkup Camps for villagers in nearby villages of Jhagadia Block.	Promoting Healthcare	Bharuch, Gujarat	0.95	0.95	0.95	Direct		

Sr. No	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other	(Amount in lakhs)		
				Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads	Cumulative expenditure up to the reporting period.
			(2) Specify the state and district where projects or programs was undertaken	Direct expenditure on projects or programs (including over heads)		
9	Promotion of cultural events during occasion of festival.	Rural Development	Bharuch, Gujarat	0.35	0.38	0.38 Direct
10.	Provided teaching aids like black board, notice boards, teaching charts, class room furnitures, various maps etc. to the govt. primary schools at Talodara, Vakhatpura, Dadheda & Kapalsadi villages at the time of opening schools.	Promoting Education	Bharuch, Gujarat	2.00	1.86	1.86 Direct
11.	Construction of Toilet Block at Motagam*	Rural Development	Bharuch, Gujarat	4.50	5.70	5.87 Through Implementing Agency
12.	Construction of Anganwadi at Gumanpura village*	Promoting Education	Bharuch, Gujarat	13.30	8.42	14.15 Through Implementing Agency
TOTAL				115.31	68.12	74.02

* These amounts have been spent against projects for Financial Year 2018-19.

ANNEXURE- B

Responsibility Statement

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

Date: 19th June, 2020
Place: Ludhiana

Sd/-
(Bal Krishan Choudhary)
 Managing Director

Sd/-
(Sachit Jain)
 Chairman of CSR Committee

ANNEXURE- I V

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, 2020.

A. Conservation of Energy:**i. Steps taken for conservation of energy:**

1. Provision of Variable Frequency Drive with raw water pump.
2. Installation of energy efficient screw air compressor in place of old reciprocating air compressor.
3. Replacement of 75 watt ceiling fans by 28 watt energy efficient fans-60 nos.
4. Use of LED lights for street lights and LED well glass lamps for power saving.
5. Installation of occupancy sensors to switch off lights.

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

Following are the steps taken by the Company for utilizing alternate sources of energy during the Financial Year 2019-20:-

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

iii. Expenses incurred on energy conservation equipment:

The Company has incurred ₹45.60 lacs on different energy & utilities saving projects.

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

- Improvement in Tow products quality by optimizing process conditions and change additives in process.
- Improvement in staple fiber quality for better performance at customer end.
- Development of customized finish oil.
- Reduction in process interruptions and waste/MIP generation by optimizing operational practices

- Enhancement in solvent filtration capacity to meet higher productivity demand of subsequent operations.
- Substitution of imported consumables and spares/ components by indigenous sources.
- Substitution of RO membranes of different stages for cost saving and better performance.
- Successful lab scale trial of indigenous activated carbons.
- Replacement of old filter press with improved design for better performance.
- Capacity enhancement through production line balancing and streamlining the production process.

Benefits derived as a result of the above efforts:

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

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

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

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

a) Specific areas in which R&D is carried out by the Company:

- Different trials and change in operating conditions to improve quality parameters of yarn for customer satisfaction.
- Different trials to enhance quality of fiber dyed yarn.
- Product quality improvement with the help of new finish oils.
- Efficiency improvement in waste water recycling.
- Improvement in cooling water treatment.
- Improvement in waste water treatment for better efficiency and lower cost.

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

- Product quality Improvement
- Wider product basket
- Cost savings
- Customer satisfaction
- Better environment compliance

c) Future plan of- action:

- New products development for newer market segments.
- Indigenization of imported consumables and spares.
- Recycling & reuse of waste water
- Improvement in fibre strength
- Increase in dope filtration capacity.

d) Expenditure on R&D:

(₹ In Lakhs)		
Particulars	2019-20	2018-19
Non –Recurring	-	-
Percentage of turnover	-	-

C. Foreign Exchange Earning and Outgo:-

(₹ In Lakhs)		
Particulars	2019-20	2018-19
Foreign Exchange earned (FOB)	135.13	NIL
Foreign Exchange used(on accrual basis)	20,191.55	26,215.56

ANNEXURE- V

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 2019-20 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2019-20 are as under:

Sr. No.	Name of Director / KMP and Designation	Remuneration of Director/KMP for the Financial Year 2019-20 (₹ In Lacs)	% increase / decrease in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director / KMP to median remuneration of employees
1.	Shri Paul Oswal Chairman and Non-Executive Director	-	-	-
2.	Bal Krishan Choudhary Managing Director	135.24	58.31	56.59
3.	Darshan Lal Sharma Non-Executive Non - Independent Director	-	-	-
4.	Sachit Jain Non-Executive Non - Independent Director	-	-	-
5.	Munish Chandra Gupta Non-Executive Independent Director	3.25	16.07	1.36
6.	Sanjit Paul Singh Non-Executive Independent Director	2.25	12.50	0.94
7.	Surinder Kumar Bansal Non-Executive Independent Director	2.05	78.26	0.86
8.	Apinder Sodhi Non-Executive Independent Director	1.80	-	0.75
9.	Vivek Gupta Chief Financial Officer	38.34	18.92	16.04
10.	Satin Katyal* Company Secretary	4.00	N.A	1.67

* Mr. Satin Katyal has been appointed as Company Secretary w.e.f. 06th May, 2019.

2. The median remuneration of employees of the Company during the Financial Year was ₹ 2.39 Lakhs (previous year ₹ 2.20 Lakhs).
3. In the Financial Year, there was an increase of 8.64% in the median remuneration of employees.
4. There were 303 permanent employees on the rolls of Company as on 31st March, 2020.
5. Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2019-20 was 4.84% whereas the increase in managerial remuneration for the same financial year was 42.70%.
6. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

B. DETAILS PERTAINING TO REMUNERATION OR COMMISSION RECEIVED FROM HOLDING OR SUBSIDIARY OF THE COMPANY AS REQUIRED UNDER SECTION 197(14) OF THE COMPANIES ACT, 2013:

Sr. No.	Name of Director	Name of Holding Company	Amount (₹ In Lakhs)
1.	Bal Krishan Choudhary	Vardhman Textiles Limited	95.05

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

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

Sr. No.	Name of Employee	Designation/ Nature of Duties	Remuneration (₹ in Lakhs)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of Last Employment
1.	Bal Krishan Choudhary	Managing Director	135.24	B.Sc, M.Com, M.B.A	68	47	30.12.1995	Usha Alloys & Steels Limited

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

3. A statement showing names of Top 10 Employees in terms of remuneration drawn during the year is as follows:

S No., Name, Age, Designation, Gross Remuneration (in Rs. Lakhs p.a.), Nature of Employment, Qualifications, Experience (in years), Date of Joining, Previous Employment and % of Equity Shares held as on 31st March, 2020.

1). Bal Krishan Choudhary, 68, Managing Director, 135.24, Regular, B.Sc, M.Com, MBA, 47, 30-12- 1995, Usha Alloys & Steels Limited, Nil. 2). Vivek Gupta, 53, Senior Vice-President, 38.34, Regular, BE Honours, MBA, 27, 07-11-2007, Pro India Limited, Nil. 3). Arun Gangaram Bharadi, 53, General Manager Operation, 26.53 Regular, B.Sc, DBM, 30, 12-09-2017 (ceased to be an employee on 31-10-2019) 4). Basudev Brijkishor Sharma, 49, Vice-President, 24.42, Regular, B.Tech Chemical, 27, 01-10-2008, Jubilant Organosys Limited, Nil. 5). Jignesh L Parmar, 47, Assistant Vice-President, 23.20, Regular, B.Sc., Master in Labour Laws, MBA, 24, 15-04-2015, Narayan Hrudayalaya Limited, Nil. 6). Jayesh Shantilal Gohil, 47, Dy. General Manager, 19.10, Regular, B.E. Mechanical, 24, 25-10-2010, ISAGRO Asia Agrochemicals Private Limited, Nil. 7). Hetan Jashvantbhai Patel, 44, Senior Manager, 18.17, Regular, B.E.-Chemical, 21, 17-08-2013, Nocil Limited, Nil. 8). Alpesh Hasmukhbhai Patel, 45, Senior Manager, 17.00, Regular, Diploma in Mechanical Engineering, BOE, 26, 23-09-2013, Thermax Limited, Nil. 9). Keshar V. Patel, 55, Chief General Manager, 13.57, Regular, BE - Chemicals, 29, 21-01-2020, Coromandel International Limited, Nil. 10). Parveen Kumar Satyaveer Singh Sandhu 50, Senior Manager, 13.35, Regular, M.Sc., 27, 12-07-2010, Achmechem Limited, 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 and 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, 2020:

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 Non-Independent Director	Bal Krishan Choudhary- Managing Director
Independent Directors	Munish Chandra Gupta Sanjit Paul Singh Surinder Kumar Bansal Apinder Sodhi
Non- Executive Non- Independent Director	Darshan Lal Sharma

Relationship Inter-se:

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

ii. Board Meetings:

During the Financial Year 2019-20, the Board met 5 (five) times on the following dates:

- 6th May, 2019
- 25th May, 2019
- 9th August, 2019
- 2nd November, 2019
- 4th February, 2020

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

Name of Director	No. of Board meetings attended	Attendance at last AGM	Total no. of Directorships in other Companies	Names of other Listed Entities where the person is director	Category of Directorship in other listed entities	No. of Committee memberships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanship in other companies
Shri Paul Oswal	5	No	7	Vardhman Textiles Limited Vardhman Holdings Limited	Executive Director Executive Director	3	3	3
Darshan Lal Sharma	5	Yes	9	Vardhman Textiles Limited	Non-Executive Director	3	1	1
Bal Krishan Choudhary	4	Yes	2	Vardhman Special Steels Limited	Non-Executive Director	1	-	-
Sachit Jain	1	No	8	Vardhman Textiles Limited Vardhman Holdings Limited Vardhman Special Steels Limited	Non – Executive Director Non – Executive Director Vice-Chairman & Managing Director	2	-	-
Apinder Sodhi	4	Yes	2	Vardhman Holdings Limited	Non-Executive Independent Director	3	-	2
Surinder Kumar Bansal	5	No	2	SAB Industries Limited Steel Strips Infrastructures Limited	Non-Executive Independent Director Non-Executive Independent Director	-	-	-
Munish Chandra Gupta	5	No	2	Lumax Industries Limited Bhansali Engineering Polymers Limited	Non-Executive Independent Director Non-Executive Independent Director	2	1	1
Sanjit Paul Singh	5	No	-	-	-	-	-	-

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

3. Board Committees:

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

Name of Committee	Composition	Terms of Reference
Audit Committee	<ul style="list-style-type: none"> - Sanjit Paul Singh (Chairman) - Munish Chandra Gupta - Darshan Lal Sharma - Apinder Sodhi 	<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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Nomination and Remuneration Committee	<ul style="list-style-type: none"> - 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Formulated and recommended Nomination and Remuneration Policy. The Nomination and Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013. Nomination and Remuneration Policy of the Company forms part of the Board Report as Annexure I.
Corporate Social Responsibility Committee	<ul style="list-style-type: none"> - 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/61a990114df67d8501b530691c_be89070be539571436265843.pdf Recommends expenditure to be incurred for CSR activities/ project and ensures effective monitoring of CSR policy of the Company from time to time. The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as Annexure III.
Stakeholder's Relationship Committee	<ul style="list-style-type: none"> - Munish Chandra Gupta (Chairman) - Bal Krishan Choudhary - Surinder Kumar Bansal 	<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 14 complaints from Investors and same had been resolved by the Company.

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

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

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

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

Note: SEBI vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated March 26, 2020 had provided relaxation to the Companies and extended the due date for conducting Stakeholders Relationship Committee (SRC) Meeting from March 31, 2020 to June 30, 2020. Accordingly, SRC Meeting of the Company for the financial year 2019-20 was held on 19th June, 2020.

iii. Meeting of Independent Directors:

A meeting of Independent Directors of the Company for the Calendar Year 2019 was held on 4th February, 2020 to evaluate the performance of Non-Independent Directors of the Company, Chairman of the Company and the Board as a whole.

Performance Evaluation

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

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

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

contribution of Directors at meetings and the functioning of its Committees.

Familiarisation programme for Independent Directors

The details of the Familiarisation Programme conducted for the Independent Directors of the Company are available on the Company's website at the link: https://www.vardhman.com/user_files/investor/VAL_Familisation%20program.pdf

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

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

The table below summarizes the key attributes and skills matrix considered necessary for effective functioning of the Company and are currently available with Board:

Name of Director	Area of Expertise
Shri Paul Oswal	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience

Name of Director	Area of Expertise
Sachit Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Darshan Lal Sharma	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Bal Krishan Choudhary	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Sanjit Paul Singh	Strategic Planning Leadership Financial Expertise
Munish Chandra Gupta	Strategic Planning Leadership Administrative Experience
Surinder Kumar Bansal	Strategic Planning Leadership Financial Expertise
Apinder Sodhi	Strategic Planning Leadership

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 2019-20 is as given below:

(₹ In Lakhs)

Name	Bal Krishan Choudhary
Designation	Managing Director

(₹ In Lakhs)

Salary	43.80
Perquisites & Allowances	47.64
Retirement Benefit	-
Commission	43.80
Performance Linked Incentive	-

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

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 2019-20 is given hereunder:

S. No.	Name Of Director	Sitting Fee (₹)
1.	Munish Chandra Gupta	3,25,000
2.	Sanjit Paul Singh	2,25,000
3.	Surinder Kumar Bansal	2,05,000
4.	Apinder Sodhi	1,80,000

5. Shareholding detail of Directors as on 31.03.2020:

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

S. No.	Name Of Director	Number of Shares Held
1.	Shri Paul Oswal	10
2.	Sachit Jain	10
3.	Darshan Lal Sharma	2000

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

6. General Body Meetings:

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

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
29 th Annual General Meeting for financial year ended 31 st March, 2019.	Monday, 30 th September, 2019 at 12.00 noon.	Regd. Office, Chandigarh Road, Ludhiana-141010.	-
28 th Annual General Meeting for financial year ended 31 st March, 2018	Thursday, 27 th September, 2018 at 2.30 p.m.	Regd. Office, Chandigarh Road, Ludhiana-141010.	2
27 th Annual General Meeting for financial year ended 31 st March, 2017	Friday, 22 nd September, 2017 at 02:30 p.m.	Regd. Office, Chandigarh Road, Ludhiana-141010.	3

Postal Ballot: No resolution was 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 2020-21.

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 and Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.
- iii. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The policy on "Vigil Mechanism and Whistle Blower" may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/342a7263db1c05444c897e9056f0e1d9707cda151436265916.pdf
- iv. Further, the Company has complied with all mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company may take up the non-mandatory requirements of the Listing Regulations in due course of time.
- v. The Company has complied with all the applicable requirements specified in Regulation 17 to 27 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- vi. The Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct, as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015.
- vii. Risk Management Policy as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been duly formulated and approved by the Board of Directors of the Company. The aim of Risk Management Policy is to maximize opportunities in all activities and to minimize adversity.
- viii. The Company has no material subsidiary. The policy for determining 'material' subsidiary is available at Company's website at the link https://www.vardhman.com/user_files/investor/VAL_Material_Subsidary%20Policy.pdf
- ix. During the year, no complaint was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- x. During the year 2019-20, the Company had managed the foreign exchange risk and commodity price risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. The details of foreign currency exposure are disclosed in the Note No. 42 to the Financial Statements.
- xi. During the year the Company has not raised any funds through preferential allotment or qualified institutional placement.
- xii. A certificate from a Company Secretary in practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Companies by the Board/ Ministry of Corporate Affairs or any such statutory authority, forms part of this report.
- xiii. There is no such instance where the Board has not accepted any recommendation of any committee of the Board which is mandatorily required.
- xiv. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/entity of which statutory auditor is part is ₹ 5.07 lakhs.

8. Means of Communication:

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

General Information for Shareholders

i) 30th Annual General Meeting:

Date	: 29 th September, 2020
Time	: 10:30 a.m.
Venue	: Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")

ii) Financial Calendar 2020-21 (Tentative)

First Quarter Results	: July, 2020
Second Quarter Results	: October, 2020
Third Quarter Results	: February, 2021
Annual Results	: May, 2021

iii) Dates of Book Closure

: 19th September, 2020 to 29th September, 2020

iv) Dividend payment date

: The Board of Directors has not recommended dividend for the Financial Year 2019-20.

v) Listing

: The securities of the Company are listed on the following Stock Exchange
National Stock Exchange of India Limited (NSE), "Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai."

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

vi) Stock Code:

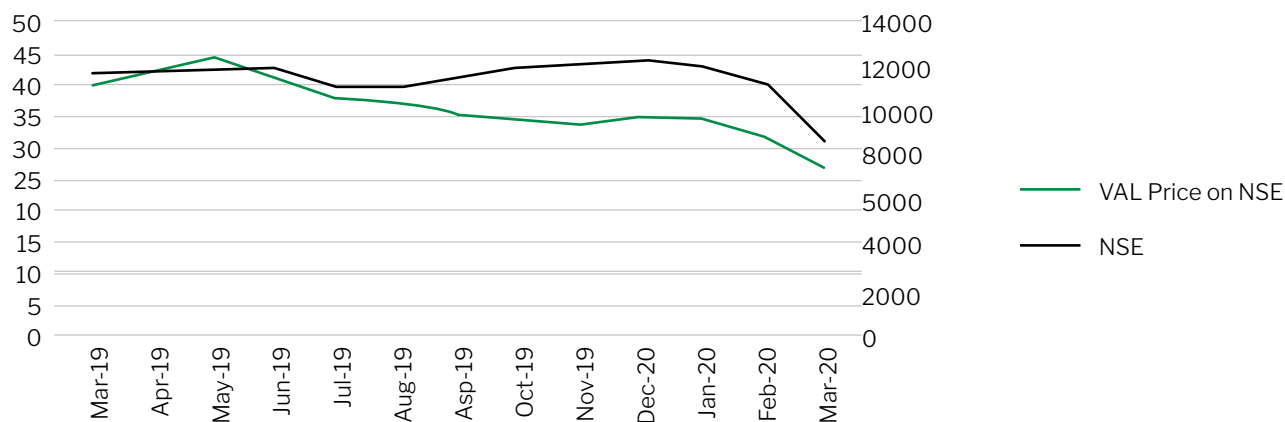
- National Stock Exchange of India Limited : VARDHACRLC

vii) Stock Market Data:

The month-wise highest and lowest and closing stock prices of NSE during the Financial Year 2019-20 are given below:

Financial Year 2019-20	Share Prices of Vardhman Acrylics Limited on NSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing
April	46.25	39.75	41.50	4.27
May	48.40	37.80	43.90	5.78
June	45.35	39.35	41.35	-5.81
July	42.55	36.10	37.85	-8.46
August	41.80	35.10	37.05	-2.11
September	41.45	35.05	35.10	-5.26
October	37.50	34.10	36.05	2.71
November	37.20	32.50	33.70	-6.52
December	36.40	32.70	34.60	2.67
January	37.00	34.10	34.55	-0.14
February	35.35	31.10	31.55	-8.68
March	33.90	25	26.75	-15.21

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



ix) Registrar & Transfer Agent:

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

M/s. MCS Share Transfer Agent Limited

CIN: U67120WB2011PLC165872

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

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

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

x) Share Transfer System:

With effect from April 1, 2019, SEBI has mandated that no share can be transferred by the Company in physical mode. Accordingly, the Company has stopped accepting any fresh lodgement for transfer of shares in physical form. The Company had sent communication to the shareholders encouraging them to dematerialise their holding in the Company. The procedure for dematerialisation of shares is available on the website 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, 2020:

RANGE No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of total Holders	% to Total Holders	Numbers of shares Held	% to Total Shares
Upto-500	5987	63.94	1352867	1.68
501-1000	1538	16.43	1399458	1.74
1001-2000	717	7.66	1201976	1.50
2001-3000	308	3.29	822475	1.02

RANGE No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of total Holders	% to Total Holders	Numbers of shares Held	% to Total Shares
3001-4000	139	1.48	506932	0.63
4001-5000	179	1.91	871489	1.08
5001-10000	219	2.34	1673336	2.08
10000 and Above	276	2.95	72535213	90.27
TOTAL	9,363	100	8,03,63,746	100

xii) Dematerialisation of shares:

On 31st March, 2020, 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 - 393110

Distt. Bharuch, Gujarat.

xv) Address for correspondence:

Registered office : Vardhman Premises, Chandigarh Road, Ludhiana-141010

Tel : 0161-2228943-48

Fax: 0161-2601048

E-mail : secretarial.lud@vardhman.com

(Exclusively for redressal of investors' grievances)

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

xvi) List of credit ratings:

The Company has obtained rating from CRISIL Limited during the financial year 2019-20. There has been no revision in the credit ratings during the financial year 2019-20. List of all credit ratings obtained by the Company during the year are as follows:

Particulars	Rating during FY 2019-20
Long Term Bank Facilities	CRISIL AA/ Stable (Reaffirmed)
Short Term Bank Facilities	CRISIL A1+ (Reaffirmed)

Chairman's Declaration

- A.** I, S.P. Oswal, Chairman of Vardhman Acrylics Limited, declare that all Board Members and Senior Management Personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2020.

Place: Ludhiana

Dated: 19th June, 2020

Sd/-

S.P. Oswal

Chairman

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

Place: Ludhiana

Dated: 19th June, 2020

Sd/-

S.P. Oswal

Chairman

Certificate from Practising Company Secretaries

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

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

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

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

Sd/-

Ashok Singla

Proprietor

Membership No. 2004

Certificate of Practice No. 1942

UDIN: F002004B000356237

Place: Ludhiana

Date: 19th June, 2020

Corporate Governance Compliance Certificate

To,
The Members of Vardhman Acrylics Limited

We have examined the compliance of conditions of corporate governance by Vardhman Acrylics Limited (hereinafter referred "the Company"), for the year ended on 31st March, 2020 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

Place: Ludhiana
Date: 19th June, 2020

Sd/-
Ashok K Singla
Proprietor
FCS No. 2004
CP No. 1942
UDIN: F002004B000359185

Business Responsibility Report

About the Company

Vardhman Acrylics Limited (VAL) is a subsidiary of Vardhman Textiles Limited. It made a beginning by setting up a plant to manufacture Acrylic Fiber & Acrylic Tow in 1999.

The plant was initially set up with a capacity of 18000 TPA which now stands at 21000 TPA. VAL's products are marketed under the brand name "VARLAN®" and are widely used for manufacture of winter wear such as sweaters, woolen fabric, technical textiles such as non-wovens and carpets etc.

About This Report

The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations,

2015 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the BSE LIMITED (BSE) and the National Stock Exchange of India Limited (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of those 9 Principles. Following is the Business Responsibility Report of our Company based on the format suggested by SEBI. Detailed Business Responsibility Report for 2019-20 (available at: www.vardhman.com) is based on the 9 Principles enshrined in the NVGs.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	: L51491PB1990PLC019212
2. Name of the Company	: Vardhman Acrylics Limited
3. Registered address	: Vardhman Premises, Chandigarh Road, Ludhiana- 141010.
4. Website	: www.vardhman.com
5. E-mail id	: secretarial.lud@vardhman.com
6. Financial Year reported	: 2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	: Textiles, NIC Code - 131
8. List three key products/services that the Company manufactures/ provides (as in balance sheet)	: Acrylic Fibre
9. Total number of locations where business activity is undertaken by the Company	
(a) Number of International Locations (Provide details of major 5)	: Nil
(b) Number of National Locations	: The Company has one manufacturing unit at Bharuch, Gujarat.
10. Markets served by the Company – Local/State/National/International	: National

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): Rs. 80.36 crore
2. Total Turnover (INR): Rs. 334.37 crore
3. Total profit after taxes (INR): Rs. 46.26 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.47%
5. List of activities in which expenditure in 4 above has been incurred:
 - a. Promoting Education
 - b. Promoting Healthcare
 - c. Rural Development

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? No
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): Not Applicable
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in

the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]: No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR: The Board Business Responsibility Committee is responsible for the implementation of the BR policies.
 - (a) Details of the Director/Directors responsible for implementation of the BR policy/policies
 1. DIN Number: 00307110
 2. Name: Mr. Bal Krishan Choudhary
 3. Designation: Managing Director
 - (b) Details of the BR head

S. No.	Particulars	Details
1	DIN number	00307110
2	Name	Bal Krishan Choudhary
3	Designation	Managing Director
4	Telephone number	0124-4981600
5	Email id	choudharybk@vardhman.com

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify?	N	Y ISO 14001:2015 OHSAS 18001:2007	Y OHSAS 18001:2007	Y OHSAS 18001:2007	Y OHSAS 18001:2007	Y ISO 14001:2015 OHSAS 18001:2007	N	Y	N
4.	Is it a board approved policy? If yes, has it been signed by MD /owner / CEO /appropriate Board Director?	Y	Y	Y	Y	N	Y	N	Y	N
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	N
6.	Indicate the link for the policy to be viewed online	Various Policies of the Company are available on the website of the Company at http://www.vardhman.com/investor-desk#company_information								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have an in-house structure to implement the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy to address stakeholders' grievances related to the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
10.	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	N	Y	N

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

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

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year - Annually
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the Company's first BR Report. The hyperlink for viewing the same is https://www.vardhman.com/user_files/investor/Vardhman%20Acrylics%20Limited%20BRR%2001.09.2020.pdf. It is published annually in the Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE**Principle 1: Corporate Governance for Ethics, Transparency and Accountability**

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

The Composition of the Board of Directors of the Company is governed by the Companies Act, 2013 and SEBI Regulations, 2015. As on March 31, 2020, the Company has 8 directors on its board (including the Chairman), of which 4 are independent, 1 is non-independent, 3 are non-executive non-independent directors.

To ensure accountability and monitoring, the Board has constituted various committees such as: Audit Committee,

Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Stakeholders' Relationship Committee. The Committees meet periodically during the year to supervise, review performance and advice on the necessary direction to be taken.

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

The Code of Conduct is available at the company's website link https://www.vardhman.com/investor-desk#!company_information under the title 'Policies- Code of Conduct.'

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

The Vigil Mechanism/ Whistle Blower Policy is available at the company's website link https://www.vardhman.com/investor-desk#!company_information under the title 'Policies- Vigil Mechanism.'

Principle 2: Sustainability of Products & Services across Life-cycle

The Sustainable Business Model and the framework driving towards identifying and implementation of strategies that

add value to the lives of numerous people linked, directly or indirectly, with the organization is a core strength of VAL. The image of Vardhman Group and its position in the society has been developed by proactively and effectively fulfilling our responsibility towards the world around us. The three facets of sustainability namely – social, environmental and economic play a pivotal role in formulating our plan of action. A blueprint developed in compliance with national and international norms for the industry, emphasizing on initiatives towards Sustainable growth and development maps our journey.

The company works with a long-term perspective, objectivity and apt understanding of the impact of choices made. VAL's Sustainability Drive, backed with innovation and untiring efforts, is one of several initiatives to broaden the perspective towards Sustainable development.

Responsible Sourcing of Raw Material and Services

Acrylic fiber is a man-made fiber produced from petrochemical and chemical raw materials. Due to use of chemicals, production of Acrylic Fiber results into generation of effluent which is treated well before disposal as per norms prescribed by Central Pollution Control Boards "CPCB" and State Pollution Control Boards "SPCB". We select our raw material sources keeping in mind the extent and type of impurities as these impurities have a direct impact on waste and effluent generation. By purchasing high purity chemicals, which might cost us additionally, we are able to reduce waste generation and pollutant load in our effluent contributing towards environment protection.

We prefer to buy some chemicals, which are also hazardous in nature, from nearby sources. This also helps us provide a safer transportation of our raw materials. Most of the material handling contracts have been awarded to contractors who employ local labour which lives within short distance of factory.

Product Recycling and Waste

Due to use of better quality raw materials and good upkeep of equipment and strict adherence to process related protocols, company has been able to operate with Zero Waste generation of finished products. Large part of lower quality finished goods and process waste, which get produced in a very small proportion during the manufacturing process are recycled and reprocessed within the factory. Unprocessable waste only is disposed off to SPCB authorised waste buyers.

Rural Development

The spirit of India lies in its villages and without the development of rural India, the growth of the Country can only be partial. VAL works closely with stakeholders like Local Industries Association, Village Gram Panchayat,

Taluka Panchayat Authorities to assess their needs and for undertaking rural development projects under CSR initiatives of Unit. Our emphasis remains on building long lasting assets for use by local village population and on children education and healthcare. We constantly strive to offer healthcare facilities, education, hygienic living conditions and ample opportunities to people living in villages. VAL has constructed number of Aanganwadis, School Infrastructure like class rooms, Provided support to Hospitals to buy equipment, instruments and ambulances in surrounding villages.

In addition, in last several years we had completed/ contributed in various rural development projects like construction of Toilets under Swatch Bharat Abhiyan, contribution given for Sujalam-Sufalam Yojna by CM- Gujarat for rain water harvesting, constructed community halls in villages for community usages, encouraging local community based cultural programmes and festivals with sponsorship contribution.

Water

Water being a resource without which life cannot survive on Earth, remains our major priority in terms of sustainability measures undertaken by us. To ensure proper treatment of waste water and its safe discharge, we monitor the treated effluent quality parameters and keep them well-within the norms prescribed by Central and State Pollution Control Boards.

Water Treatment

We have installed Effluent Treatment Plants (Primary, Secondary & Tertiary treatment) for treatment of process effluent and sewage water, which utilises advance technology to treat 1100 – 1200 KL per day as per the norms prescribed by Central and State Pollution Control Boards. The treated water is partially used for surface irrigation within our premises and balance is discharged to a common effluent pipe line at Ankleshwar which is ultimately discharged into deep sea at a designated location. This pipeline and related facilities are owned and operated by a company which is a joint venture of Gujarat Industries Development Corporation (GIDC) and the industries of Jhagadia Industrial Estate.

Water Recycle and Reuse

We have installed 3 stage RO Plant with capacity of 400 KLD along with MEE & ATFD to treat our effluent. RO treated water is reused in the factory for manufacturing process. The recovery rate through RO & MEE is high as compared to industry benchmark. The solids recovered from ATFD are disposed off at government authorized TSDF site at Ankleshwar.

ENERGY CONSERVATION

We keep investing in energy-efficient technologies to improve energy security. With an emphasis on energy conservation, we have successfully achieved a downward trend in energy consumption per unit of production.

Electricity is a major requirement for our industry and we keep looking for measures to make optimum use of electric energy. With an approach for “Less input, more output”, we constantly strive to minimize the energy consumption and maximize the output.

Some of the major initiatives towards energy conservation undertaken by us are:

- Provision of variable frequency drives to save power.
- Installation of energy efficient screw air compressor with inbuilt air dryer in place of old reciprocating air compressor.
- Replacement of lighting in buildings and roads by LED.
- Installation of modern technology and highly energy efficient chiller.
- Replacement of old pumps with new energy efficient pumps.
- Optimisation of MEE and ATFD operations for steam economy.
- Installation of occupancy sensors to switch off lights and fans etc.
- Installation of lower wattage ceiling fans (65% saving).
- Installation of dissolved oxygen analysers with controllers to save power in ETP.

Air

Climate change, emissions of greenhouse gases, depletion of ozone etc. are indicators of the deteriorating quality of air. As textile industry is responsible for about 10% of global greenhouse emissions, we execute our responsibility towards restricting emissions by enhancing the energy efficiency of our processes as well as investing in low-carbon technologies. Over the years, a focused drive to improve efficiencies of our operations has resulted in managing emissions to a significant extent. Some major initiatives taken are:

- Operation controls with proper preventive schedule in area of particulate matter emission in boiler area.
- Operational discipline in area of handling of gaseous release by maintaining desired conditions.
- Tree plantation and maintaining greenery within the factory. A green belt of about 15 acre land with about 5 Lac trees has been developed within the factory premises.

Principle 3: Employee Well-being

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

1. Total number of employees – 303 (permanent employees)
2. Total number of employees hired on temporary/contractual/casual basis – 121
3. Number of permanent women employees – 1 (does not include contractor female employees)
4. Number of permanent employees with disabilities- 4
5. Do you have an employee association that is recognized by management? Yes
6. What percentage of your permanent employees is members of this recognized employee association? – approx. 60%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
 - (a) Permanent Employees- 88%
 - (b) Permanent Women Employees- 100%
 - (c) Casual/Temporary/Contractual Employees- 85%
 - (d) Employees with Disabilities- 90%

Principle 4: Stakeholder Engagement

VAL recognizes employees, Local communities surrounding our operations, business associates (network of suppliers, transporters, contractors etc), customers and shareholders/investors as our key stakeholders.

VAL identifies communities (with a focus on women and children from these communities) around our manufacturing facilities as disadvantaged, vulnerable & marginalized stakeholders.

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

Stakeholder group	Initiatives
Employees	<p>Our Employee policies safeguard employees against any kind of discrimination based on caste, creed, religion, geography, educational or social background, gender, age, family status, citizenship, disability, etc.</p> <p>We believe in continuous people development through investment in the training & development of our employees even in adverse business times.</p> <p>Women are given ample opportunities depending upon their education, training and working conditions and are treated with utmost respect. Ensuring the safety of women employees is a top priority for VAL.</p>
Local Communities around our manufacturing Locations	Development and deployment of need-based community programs in the areas of health, education, skill development, sanitation, livelihood etc. as part of Corporate Social Responsibility (CSR) initiatives.
Business associates	Direct engagement with customers and providing technical advice to them for improving operational efficiency. This helps our customers to improve their performance and remain competitive in industry.
Customers	<p>We share information about new products and technical developments at our end with our customers so as to enable them develop new solutions and products for their customers. We treat our customers as extended arms of VAL.</p> <p>We remain continuously engaged with customers to understand their changing needs and support them in smooth usage of our products and problem solving through a partnership approach has helped us forge long lasting relationships with our customers.</p>

Principle 5: Human Rights

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

We have placed grievance redressal mechanisms at our manufacturing unit and offices and try to ensure a harassment free work environment along with workplace health and safety. Our Human Resources Team is available in the plant round the clock to take care of and ensuring the basic amenities to workers. Communication meetings between workers and senior officials are regularly conducted to redress the grievance of workers and maintain harmonious relations between the management and workers.

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

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

Principle 6: Protection and Restoration of the Environment

- VAL has implemented stringent standards and policies for Environment, Health and Safety in its manufacturing unit.
- Changes in climatic conditions, issues like global warming and degradation of environment owing to over exploitation of resources are threats to existence of life on the planet. VAL recognizes these realities and is sensitive towards creation of sustainable products and manufacturing processes at its facility. A dedicated team works continuously at identifying opportunities to make our operations more and more environment friendly and sustainable. In our endeavor to protect and restore environment, following steps have been initiated:
 - Treatment of effluent: We have established independent state of the art ETPs in the unit to treat the effluent meeting the norms prescribed by Central and State Pollution Control Boards.
 - Facility installed for recycling and reuse of a 400 KLD effluent through RO process.
 - Disposal of solid waste generated at the unit is done only through authorized disposal facilities.
 - Passing the boiler flue gases through filter bags, ESP's.

These steps help in the reduction of raw water consumption, emission of greenhouse gases, generation of solid waste, effluent and other hazardous substances and responsible disposal of wastes. Initiatives like these are effective in reducing the impact of industry on our natural resources and environment.

3. We accord first priority to safety of human lives. Visitors as well as employees are given safety instructions before entering the premises/ work station to ensure workplace safety and minimize the probability of accidents.
4. All the hazardous waste generated is stored and maintained as per the statutory requirements. Unit has facilities for proper management of e-waste, medical waste, spent oil and ETP sludge. The disposal of such waste is carried out through GPCB authorized recyclers.
5. We have not registered ourselves under any project for Clean Development mechanism but have undertaken several initiatives at our own level for clean, eco-friendly and sustainable growth.

Energy Conservation: Optimum utilization of resources as a principle is ingrained in all the processes at VAL. Energy conservation initiatives for reduction in power consumption and wastage, and increasing efficiency are at place.

Reduction in water usage: Recycling of 400 KLD effluent through RO purification and re-use in process and utility results in reduction in the amount of usage of fresh water. For a limited natural resource like fresh water, conservation is a primary responsibility of the human kind. We make our contribution by regular metering, monitoring and controlling its consumption.

Reduction in Office waste: Our initiative to reduce waste generation at our offices include optimization of water pipeline pressure in washrooms to minimize usage of water, printing on both sides of paper and generating awareness in employees to shift to paperless office model.

Reduce Food waste: Daily monitoring and on food waste quantity in our unit canteen is always in focus. We regularly sensitize employees to not leave any leftover food in their plate. The cooking staff is trained and encouraged to estimate the food requirement based upon attendance so as to reduce food wastage at the first stage itself.

Awareness Programs: To spread awareness about environmental protection measures, every year we celebrate Environment Day followed by tree plantation, Environment Week followed by different awareness programs.

Plantations: Plantation drives are carried out every year by us. To increase the green area within and around our unit, we maintain about 5 lakh plants currently.

Environment and Safety Certifications: Unit has been ISO 14001:2015 and ISO 45001:2018 certified. The process of documentation and audit for upgrading OHSAS 18001:2007 to ISO 45001:2018 has since been initiated.

6. The emissions at our unit are within the permissible limits of State and Central Pollution Control Boards.
7. VAL has not received any legal notices for causing any environmental issues.

Principle 7: Responsible Advocacy

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

- a. Jhagadia Industries Association
- b. Narmada Clean Tech (An industry and GIDC joint venture company for responsible disposal of treated effluent)
- c. Forum of Acrylic Fiber Manufacturers
- d. SRTEPC

We are represented indirectly through our holding company in following associations:

- a. Confederation of Indian Industries (CII)
- b. Federation of Indian Chamber of Commerce and Industries (FICCI)
- c. PHD Chamber of Commerce and Industries (PHDCCI)

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

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

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

Principle 8: Supporting Inclusive Growth and Equitable Development

Through CSR (Corporate Social Responsibility) initiatives as well as an ingrained mechanism for sustainable development in core business activities, VAL supports the principles of inclusive growth and equitable development. The Company has in effect, a detailed CSR policy monitored

by a CSR committee appointed by the Board of Directors. CSR initiatives at VAL are developed with a key emphasis on promoting education, offering advanced healthcare facilities, contributing to rural development, conservation of environment etc. The areas of emphasis are covered in Schedule VII of the Companies Act, 2013.

A number of CSR programs are pursued within close proximity to our unit to enable supervision and maximize the impact of these developmental activities. While we equally participate in offering services for national causes, an emphasis is laid on ensuring that the intended effect of the initiatives taken is received. Programs under this principle are developed and executed by:

a) Trusts

Community development initiatives are performed by inducing trusts and organizations dedicated for the cause. Close monitoring for the optimum utilization of resources invested helps in ensuring positive outcome from such drives.

b) Other organizations

For healthcare, education and such benefits to reach the masses, we collaborate with public and private organizations like hospitals, schools etc. These initiatives aim at presenting underprivileged sections of society with the right to quality healthcare facilities and opportunity to learn and grow.

c) Women Empowerment and the Right to Equal Opportunity

Offering an equal opportunity to women employees, allowing them to share the responsibility of development of the nation is critical to the working culture at VAL. We see women as a human resource that if utilized to its optimum potential can contribute a great deal to the development of nation and therefore, take initiatives to support women's participation in our workforce depending upon their education, training and working conditions.

d) Impact Assessment

VAL, in order to ensure that the benefit of CSR initiatives reaches the people who need to be supported, internally performs an impact assessment at the end of each financial year. This assessment helps us in understanding the efficacy of the programs in terms of delivering desired benefits to the community and gaining insights for improving the design and impact of future initiatives.

The Company has spent an amount of Rs. 68.12 Lakhs during the financial year 2019-20 towards CSR related activities. The details of projects undertaken is given in Annexure III of Board's Report.

We strive to continuously engage with surrounding communities and offer aid by understanding the problems being faced. Regular meetings and surveys are carried out to gauge the needs, priorities and expectations of local community. Initiatives to be adopted are designed and delivered in a transparent manner, considering the inputs from the residents of the locality.

The Company's CSR policy is available online on its website at the following link: https://www.vardhman.com/investor-desk#!company_information with the title 'Policies-CSR'

Principle 9: Providing Value to Customers and Consumers

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

We take care of the expectations of our customers as well as other stakeholders. We implement practices to safeguard our environment and society. We consistently work to improve customer satisfaction and deliver value proactively by anticipating changes in customer's needs.

1. No Pending customer complaints at the end of the financial year.
2. We disclose all the information to our customers so as to enable customers to make an informed decision. We also disclose the information on product packing as required under the law.
3. During the last five years, no cases have been filed by any stakeholders against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.
4. As part of our stakeholder engagement strategy, VAL engages with its customers and carries customer surveys every two or three year to know the customer satisfaction level so that necessary steps may be taken to enhance the same. There is a designated market research department which carries out these surveys and gives inputs to business team for undertaking new developments besides remedial action, as may be required.

Independent Auditor's Report

To the Members of
Vardhman Acrylics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Vardhman Acrylics Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year then ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of

the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate

with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 book;
 - (c) The Balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the relevant books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015.
 - (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of directors, none of the directors is disqualified as on 31st March 2020 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

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

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

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The company has disclosed the impact of pending litigations on its financial position in its Financial Statements. Refer Note 35 to the financial statement;
 - ii. The company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses and,
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

(**Sanjiv Mohan**)
Partner
M. No. 086066
UDIN: 20086066AAAAEX4939

Place: Ludhiana
Date: 19th June, 2020

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 program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As part of this program, the management has physically verified certain fixed assets during the year. According to the information and explanations given to us, no discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deed of the immovable property is held in the name of the company.
- (ii) According to the information and explanations given to us, physical verification has been conducted by management at reasonable intervals in respect of finished goods, stores and spares and raw material. Further, stock in the possession and custody of third parties and stock in transit as at 31 March, 2020 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, there are no loans, guarantees and securities given in respect of which provision of section 185 of the Companies Act, 2013 applies and hence not commented upon.

In our opinion and according to the information and explanations given to us, there are investments made by the company in respect of which section 186 of the Companies Act, 2013 is applicable and have been complied with by the company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits covered under the provisions of sections 73 to 76 and any other relevant provision of the Companies Act, 2013 and the rules framed there under and therefore the provisions of the clause 3(v) of the order are not applicable to the company.
- (vi) We have broadly reviewed the cost records maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income tax, goods and services tax, service tax, duty of custom, duty of excise, value added tax, cess, sales tax and other applicable statutory dues with the appropriate authorities.
- (b) According to the information and explanation given to us, no undisputed amounts in respect of statutory dues payable were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.

- (c) According to the records of the company the dues of value added tax, central sales tax, service tax, and income tax which have not been deposited with appropriate authorities on account of dispute, are as follows:

Nature of Statute	Nature of Dues	Forum at which dispute is pending	Total Demand (In Lakhs)	Paid under Protest (In Lakhs)	Unpaid	Financial year to which it relates
The Gujarat VAT Tax Act, 2003	VAT and CST	Joint Commissioner of Commercial Tax Appeal-2, Vadodara	203.20	25.04	178.16	2009-10
The Gujarat VAT Tax Act, 2003	VAT and CST	GVAT Tax Tribunal, Ahmedabad	132.54	20.00	112.54	2008-09
The Gujarat VAT Tax Act, 2003	VAT and CST	Joint Commissioner of Commercial Tax Appeal-2, Vadodara	43.27	--	43.27	2004-05 and 2005-06
The Punjab VAT Act, 2005	VAT and CST	VAT Tribunal, Punjab	10.47	2.62	7.85	2016-17
The Finance Act, 1994	Service tax	Assistant Commissioner / Superintendent	31.87	--	31.87	2005-06 To 2009-10 and 2016-17 to 2017-18
The Income Tax Act, 1961	Income Tax	ITAT & CIT(A)	93.68	22.26	71.42	2011-12 to 2014-15 and 2018-19

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution bank or government. The Company has not issued any debentures during the year or in the preceding year.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of the clause 3 (ix) of the Order is not applicable to the company.
- (x) According to the information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) According to information and explanation given to us and based on our examination of records of the company, the company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) According to the information and explanation given to us, the company is not a Nidhi Company. Therefore, the provisions of paragraph 3(xii) of the Order are not applicable to the company.
- (xiii) According to the information and explanations given to us, and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of the transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Thus the provisions of paragraph 3(xiv) of the Order are not applicable to the company.

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

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

hence reporting under clause 3(xvi) of the order is not applicable to the company.

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

Place: Ludhiana
Date: 19th June, 2020

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

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 financial control over financial reporting of Vardhman Acrylics Limited (“the Company”) as of 31st March 2020 in conjunction with our audit of financial statements of company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan

and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at 31st March 2020, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal

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

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

Place: Ludhiana
Date: 19th June, 2020

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

BALANCE SHEET AS AT 31ST MARCH 2020

		(₹ in lakhs)	
Particulars	Note No.	As at 31 st March 2020	As at 31 st March 2019
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3a	5,236.16	5,158.79
(b) Capital work-in-progress		1.95	2.78
(c) Right of Use Asset	3b	1,147.19	-
(d) Intangible Assets		-	-
(e) Financial Assets			
(i) Investments	4	6,309.94	5,834.46
(ii) Loans	5	0.12	0.03
(iii) Others financial assets	6	1,996.00	-
(f) Other non-current Assets	7	49.43	1,197.92
Total Non-current assets		14,740.79	12,193.98
2 Current assets			
(a) Inventories	8	6,047.02	7,637.17
(b) Financial Assets			
(i) Investments	9	9,691.09	22,562.16
(ii) Trade receivables	10	950.41	1,560.29
(iii) Cash and Cash Equivalents	11	6,279.64	176.70
(iv) Bank balances other than above	11A	6,179.07	73.16
(v) Loans	12	2.37	0.74
(vi) Other financial assets	13	265.69	30.16
(c) Current tax assets (net)		-	-
(d) Other current assets	14	1,174.56	1,097.65
Total Current assets		30,589.85	33,138.03
TOTAL ASSETS		45,330.64	45,332.01
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	15	8,036.37	8,036.37
(b) Other Equity	16	27,506.38	25,329.43
Total Equity		35,542.75	33,365.80
Liabilities			
1 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Lease Liability	17	0.08	-
(b) Provisions	18	56.68	50.68
(c) Deferred tax liabilities (Net)	19	1,056.12	1,959.91
(d) Other non current liabilities	20	9.48	7.51
Total Non-current liabilities		1,122.36	2,018.10
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	141.88	75.39
(ii) Trade payables	22		
(1) total outstanding dues of micro enterprises and small enterprises		33.38	30.10
(2) total outstanding dues of creditors other than micro enterprises and small enterprises		5,401.23	6,826.96
(iii) Other financial liabilities	23	426.23	563.02
(b) Provisions	24	7.97	10.12
(c) Current tax liabilities (net)	25	2,501.88	2,303.62
(d) Other Current liabilities	26	152.96	138.90
Total Current liabilities		8,665.53	9,948.11
TOTAL EQUITY AND LIABILITIES		45,330.64	45,332.01

See accompanying notes to the financial statements

1 to 48

As per our report of even date attached

For S C V & Co. LLP

Chartered Accountants

Firm Registration No.: 000235N/N500089

For and on behalf of the Board of Directors**Sanjiv Mohan**

Partner

Membership No.: 086066

Place: Ludhiana

Date: 19th June, 2020**Satin Katyal**

Company Secretary

Membership No.: A40578

Place: Ludhiana

Date: 19th June, 2020**Vivek Gupta**

Chief Financial Officer

Place: Gurugram

Date: 19th June, 2020**B.K.Choudhary**

Managing Director

DIN: 00307110

Place: Gurugram

Date: 19th June, 2020**S.P. Oswal**

Chairman

DIN: 00121737

Place: Ludhiana

Date: 19th June, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(₹ in lakhs)

Particulars	Note No.	For the period ended 31 st March 2020	For the period ended 31 st March 2019
I Revenue from operations	27	33,436.87	39,196.35
II Other income	28	2,660.74	2,474.68
III Total Income (I+II)		36,097.61	41,671.03
IV Expenses :			
Cost of materials consumed	29	23,732.22	28,830.51
Purchases of stock-in-trade	30	372.40	437.43
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	(148.22)	488.22
Employee benefits expense	32	1,575.00	1,457.34
Finance costs	33	29.67	43.97
Depreciation and amortization expense	3a & 3b	523.09	539.79
Other expenses	34	5,227.84	5,200.67
Total Expenses		31,312.01	36,997.93
V Profit before tax (III-IV)		4,785.60	4,673.10
VI Tax expense:			
Current tax		1,062.89	1,233.13
Deferred tax		(903.79)	(8.79)
Total tax expense		159.10	1,224.34
VII Profit for the year (V-VI)		4,626.50	3,448.76
VIII Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
(a) (i) Remeasurements of the employee defined benefits plans		(3.87)	1.31
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.97	(0.46)
(b) (i) Equity instruments through other comprehensive income		(24.59)	(129.66)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	45.31
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
IX Total Comprehensive Income for the year (VII+VIII)		4,599.02	3,365.26
Earnings per equity share (of ₹ 10/- each)			
Basic (in ₹)		5.76	4.29
Diluted (in ₹)		5.76	4.29
See accompanying notes to the financial statements	1 to 48		

As per our report of even date attached

For S C V & Co. LLP

Chartered Accountants

Firm Registration No.: 000235N/N500089

For and on behalf of Board of Directors

Sanjiv Mohan

Partner

Membership No.: 086066

Place: Ludhiana

Date: 19th June, 2020

Satin Katyal

Company Secretary

Membership No.: A40578

Place: Ludhiana

Date: 19th June, 2020

Vivek Gupta

Chief Financial Officer

Place: Gurugram

Date: 19th June, 2020

B.K.Choudhary

Managing Director

DIN:00307110

Place: Gurugram

Date: 19th June, 2020

S.P. Oswal

Chairman

DIN: 00121737

Place: Ludhiana

Date: 19th June, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	(₹ in lakhs)	
	For the year ended 31 March, 2020	For the year ended 31 March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	4785.60	4673.10
Adjustments for :		
Depreciation and Amortization expense	523.09	539.79
Interest paid	5.52	9.35
Interest income	(36.13)	(51.71)
(Profit)/Loss on sale of investment (net)	(1,449.35)	(238.98)
Dividend on investments	(310.72)	(215.23)
Profit on sale of discarded assets	(6.62)	-
Assets written off	1.23	1.73
Net Gain on fair valuation of investment at fair value through Profit or loss	(540.79)	(1,411.50)
Foreign Exchange (gain) or loss	(198.84)	15.54
Bad debts written off / Excess Income Written off / Written off discarded items	0.84	9.67
Provisions no longer required written back	(32.34)	(164.06)
Operating profit before working capital changes	(2044.13)	(1505.40)
Adjustments for working capital changes:		
Decrease in trade receivables	609.89	461.60
Decrease/(increase) in loans	(1.72)	1.85
Decrease/(increase) in other financial assets	(1,995.72)	1.70
(Increase) in other assets	(91.79)	(194.12)
Decrease/(increase) in Inventories	1590.15	(2390.65)
Increase/(decrease) in trade payables	(1,458.92)	2917.75
Increase/(decrease) in other financial liabilities	(135.76)	(143.96)
Increase/(decrease) in other liabilities	23.77	(22.21)
Cash generated from operations	(1,460.10)	631.96
Income taxes paid	(864.63)	(1,249.05)
Net cash generated from operating activities	416.74	2550.60
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment	(585.52)	(231.56)
Proceeds from sale of discarded assets	6.62	9.44
Interest received	35.62	31.75
Dividend received	310.72	215.23
Proceeds from sale of Investments in Mutual Funds/ Liquid Funds/Debt Funds	18571.04	10961.65
Payment for purchase of Investments in Mutual Funds/Liquid Funds/Debt Funds	(4185.29)	(11752.33)
Bank balances not considered as cash and cash equivalents	(6105.90)	(12.95)
Net cash flow from (used in) investing activities	8047.29	(778.77)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

	(₹ in lakhs)	
Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of short - term borrowings	-	(57.42)
Proceeds from short - term borrowings	66.50	-
Dividend paid on equity shares	(2,009.09)	(1,607.27)
Tax on equity dividend paid	(412.98)	(330.38)
Interest paid	(5.52)	(9.35)
Net cash flow from (used in) financing activities	(2,361.09)	(2,004.42)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6102.94	(232.59)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR #	176.70	409.29
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer note 11) *	6279.64	176.70
# ₹176.70 Lakhs - Cash on Hand ₹0.06 Lakhs and Balance with banks in current accounts ₹176.64 Lakhs.		
* ₹6279.64 Lakhs - Cash on Hand ₹0.44 Lakhs, Balance with banks in current accounts ₹179.20 Lakhs and balance with banks in deposit accounts with maturity upto three months ₹6100.00 Lakhs		
There are no non cash changes arising from financial activities		
See accompanying notes to the financial statements		

As per our report of even date attached

For S C V & Co. LLP

Chartered Accountants

Firm Registration No.: 000235N/N500089

For and on behalf of Board of Directors

Sanjiv Mohan

Partner

Membership No.: 086066

Place: Ludhiana

Date: 19th June, 2020

Satin Katyal

Company Secretary

Membership No.: A40578

Place: Ludhiana

Date: 19th June, 2020

Vivek Gupta

Chief Financial Officer

Place: Gurugram

Date: 19th June, 2020

B.K.Choudhary

Managing Director

DIN:00307110

Place: Gurugram

Date: 19th June, 2020

S.P. Oswal

Chairman

DIN: 00121737

Place: Ludhiana

Date: 19th June, 2020

Statement of changes in equity for the year ended 31st March 2020

a. Equity share capital

		(₹ in lakhs)
Particulars		Amount
Balance as at 31st March 2018		8,036.37
Changes in equity share capital during 2018-19		-
Balance as at 31st March 2019		8,036.37
Changes in equity share capital during 2019-20		-
Balance as at 31st March 2020		8,036.37

b. Other equity

Other equity							(₹ in lakhs)
Particulars	OTHER EQUITY						Total other equity
	Reserves & Surplus				Items of other comprehensive income		
	Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income	
Balance as of 1 st April 2019	2,816.88	-	4,006.15	18,417.73	91.36	(2.70)	25329.43
Profit for the Year				4,626.50			4626.50
Other comprehensive income for the year (net of income tax)					(24.59)	(2.90)	(27.48)
Total Comprehensive Income for the year				4626.50	(24.59)	(2.90)	4599.02
Payment of dividend				(2009.09)			(2009.09)
Payment of dividend distribution tax				(412.98)			(412.98)
Balance as of 31 st March 2020	2816.88	-	4006.15	20,622.16	66.78	(5.59)	27,506.38

Statement of changes in equity for the year ended 31st March 2020

b. Other equity (contd..)

Particulars	OTHER EQUITY						(₹ in lakhs)
	Reserves & Surplus				Items of other comprehensive income		Total other equity
	Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	Other items of other comprehensive income	
Balance as of 1st April 2018	2,816.88	-	4,006.15	16,906.62	175.71	(3.55)	23,901.82
Profit for the Year				3,448.76			3,448.76
Other comprehensive income for the year (net of income tax)					(84.35)	0.85	(83.50)
Total Comprehensive Income for the year				3448.76	(84.35)	0.85	3365.26
Payment of dividend				(1607.27)			(1,607.27)
Payment of dividend distribution tax	-	-	-	(330.38)			(330.38)
Balance as of 31st March 2019	2,816.88	-	4,006.15	18,417.73	91.36	(2.70)	25,329.43

As per our report of even date attached

For S C V & Co. LLP

Chartered Accountants

Firm Registration No.: 000235N/N500089

For and on behalf of Board of Directors

Sanjiv Mohan

Partner

Membership No.: 086066

Place: Ludhiana

Date: 19th June, 2020

Satin Katyal

Company Secretary

Membership No.: A40578

Place: Ludhiana

Date: 19th June, 2020

Vivek Gupta

Chief Financial Officer

Place: Gurugram

Date: 19th June, 2020

B.K.Choudhary

Managing Director

DIN:00307110

Place: Gurugram

Date: 19th June, 2020

S.P. Oswal

Chairman

DIN: 00121737

Place: Ludhiana

Date: 19th June, 2020

Notes of Financial Statements for the year ended 31st March 2020

1. Corporate Information

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

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

Vardhman Textile Limited (Holding Co. of the entity) owns 70.74% of the company's equity share capital as at 31st March 2020.

The Board of Directors approved the Financial Statements for the year ended 31st March, 2020 and authorised for issue on 19th June, 2020.

2. Significant accounting policies, significant accounting judgements, estimates and assumptions and applicability of new and revised Ind AS

Significant Accounting Policies

Note 2.1 Statement of Compliance

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

Note 2.2 Basis of preparation and presentation

The financial statements have been prepared on historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

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

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

Historical Cost

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

Fair Value Measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

Notes of Financial Statements for the year ended 31st March 2020

- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Functional and presentation currency

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

Note 2.3 Significant Accounting Policies

(a) Revenue Recognition

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

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

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

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

i. Sale of Acrylic Fibre including Traded goods

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

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

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Generally, the credit period varies between 0-5 days and 90 days against letter of credit from the shipment or delivery of goods or services as the case may be. The company does not adjust short-term advances received from the customer for the effects of significant financing component if it is expected at the contract inception that the promised good or service will be transferred to the customer within a period of one year.

Notes of Financial Statements for the year ended 31st March 2020

ii. Interest income

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

iii. Dividend income

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

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.

(b) 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. Post Employee Benefits Plans:

Defined Contributions Plans

(a) 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.

(b) 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.

Defined Benefits Plan:

(c) Gratuity

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

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

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

The actual return of portfolio of plan assets in excess of the yields computed by

Notes of Financial Statements for the year ended 31st March 2020

applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income.

iii Long term employee benefits:

Compensated absences

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

(c) Property, Plant and Equipment

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

Building - 30-60 years.

Plant and Machinery - 15-25 years.

Office Equipment - 5 Years

Computer Equipment - 3 years.

Furniture and fittings - 10 years

Vehicles excluding Motor cycles- 08 years.

Motor cycles - 10 years.

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

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

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

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

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

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

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.

Notes of Financial Statements for the year ended 31st March 2020

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU (Cash Generating unit) to which the asset belongs.

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

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

(d) 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.

(e) Inventories

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

- In case of raw materials, at weighted average cost plus direct expenses.
- In case of stores and spares, at weighted average cost plus direct expenses.
- In case of work-in-progress, at raw material cost plus conversion cost depending upon the stage of completion.
- In case of finished goods, at raw material cost plus conversion cost, packing cost and other overheads incurred to bring the goods to their present condition and location.
- Net realizable value is the estimated selling price in ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

(f) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of items of Property, plant and equipment which necessarily takes substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowing costs are recognized as

Notes of Financial Statements for the year ended 31st March 2020

an expense in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(g) 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.

(h) Taxes on Income

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

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

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

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income

in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

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

MAT

Minimum Alternative tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustments to future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax. Accordingly, MAT credit is recognized as asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company.

(i) Government Grants

- i. The government grants are recognized only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received.

Notes of Financial Statements for the year ended 31st March 2020

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

(j) Foreign Currency Transactions

Transaction and balances

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

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

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

Exchange differences arising on the settlement or reporting of monetary items at rates different from rates at which these

were initially recorded during the period or reported in previous financial statements as recognised in the statement of profit or loss in the period in which they arise.

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

(k) 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.

(l) Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases for which underlying asset is of

Notes of Financial Statements for the year ended 31st March 2020

low value. For these short-term and leases for which underlying asset is of low value, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the lessee's incremental borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

The Company as a lessor

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition as per Ind AS 116

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method along with the transition option to recognize Right-of-Use asset (ROU) at an amount equal to the lease liability. In respect of leases that were classified as operating leases applying Ind AS 17, On transition, the adoption of this standard has resulted in recognition of Right of use assets of ₹ 1162.62 lacs and Lease liability of ₹ 0.08 lacs. The above amount of "Right of use" asset includes ₹ 1162.54 lacs that has been reclassified from prepayment of lease hold premium shown under "Other Current and Non-Current Assets". Consequently there has been no adjustment to the opening balance of retained earnings. Accordingly comparatives of the year ended 31st March 2019 have not been retrospectively adjusted. In the statement of profit and loss for the current period operating lease expense has changed from Rent to Depreciation Cost for Right of Use asset. The adoption of this standard does not have any significant impact on profit and earning per share of the current period.

Notes of Financial Statements for the year ended 31st March 2020

(m) 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.

Financial assets and financial liability are recognised when the company entity becomes a party to the contractual provisions of its instruments.

i. Initial Recognition and measurement

All financial assets and liabilities are initially recognized at fair value plus or minus transaction cost that are directly attributable to the acquisition or issue of financial asset or

financial liability on initial recognition. Transaction cost that are directly attributable to the acquisition of financial assets or financial liabilities, which 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.

3. Investments in equity instruments measured at fair value through other comprehensive income

On initial recognition, the company can make an irrevocable election for its investment which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. These elected investments are initially measured at fair value plus transaction cost, subsequently there are measured at fair value with gains and losses arising from changes in fair value recognized in Other Comprehensive Income and accumulated in the Reserve for equity instruments through Other Comprehensive Income. The cumulative gain or loss is not reclassified to the Statement of Profit or loss on disposal of the investments.

- The above election is not permitted if the equity investment is held for trading.

Dividend on these investments in equity instruments are recognised in profit or loss when the Company's right to receive

Notes of Financial Statements for the year ended 31st March 2020

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

4. 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.

- Debt instruments that meet the amortised cost criteria or the fair value through other comprehensive income but are designated as fair value through profit or loss are measured at FVTPL.

5. Financial liabilities

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

• Derivative financial instruments

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

• Financial assets or financial liability at fair value through Profit or Loss

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

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

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

• Cash Flow Hedge

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

• Equity Instruments:

Equity instruments are any contract that evidences a residual interest in the assets of an equity after deducting all of its liabilities.

• Ordinary 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.

Notes of Financial Statements for the year ended 31st March 2020

- **Derecognition of financial instruments**

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

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

- **Offsetting**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when, and only when, the company has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

- **Fair value measurement**

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

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

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

- iii. **Impairment of financial assets**

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

Expected Credit Losses are measured through a loss allowance at an amount equal to:

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

For trade receivables or any contractual right to receive cash or another financial asset that result from transaction that are within the scope of Ind AS 115 and Ind AS 116. The Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the company has

Notes of Financial Statements for the year ended 31st March 2020

used a practical expedient as permitted under Ind AS 109. The company follows simplified approach does not require the company to track changes in credit risk. Rather it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

For other assets, the company uses 12 months ECL to provide for impairment loss where is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

(n) Segment reporting

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

(o) Cash and cash equivalents

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

(p) 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.

(q) Provisions and Contingent liabilities:

(A) Provisions

- Provisions are recognized if, as a result of past event, the company has a present obligation (legal or constructive), and it is probable that a cash outflow will be required to settle the obligation in respect of where a reliable estimate can be made.
- As the timing of outflows of resources is uncertain, being dependent upon the outcome of the future proceedings, these provisions are not discounted to their present value.
- When some or all of economics benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursements will be received and amount of the receivable can be measured reliably.

(B) Contingent liability

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

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

Contingent assets are neither recognized nor disclosed in the financial statements

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

Notes of Financial Statements for the year ended 31st March 2020

Note 2.4 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with Indian Accounting Standards (Ind AS) require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statement and reported amount of revenue and expense during the period.

Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amount of assets or liabilities in future period.

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

i. Useful lives of property, plant and equipment

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

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

ii. Recoverable amount of property, plant and equipment

The recoverable amount of property plant and equipment is based on estimates and assumptions regarding the expected market

outlook and expected future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

iii. Defined benefit plans

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

iv. Recognition of deferred tax assets

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

v. Contingencies

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

vi. Fair value measurement

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

Notes of Financial Statements for the year ended 31st March 2020

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

On account of COVID-19 pandemic the Company has made assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, intangible assets, right of use assets, investments, inventories and trade receivables as at the date of the balance sheet. The Company has considered internal and external sources of information for making said assessment. Basis the evaluation of the current estimates, the Company expects to recover the carrying amount of these assets and no material adjustments is required in the

financial statements. Given the uncertainties associated with nature, condition and duration of COVID-19, the Company will closely monitor any material changes arising of the future economic conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic condition arise.

Recent Indian accounting standards (Ind AS)

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

Notes of Financial Statements for the year ended 31st March 2020

3 (a) Property, plant and equipment and capital work-in-progress

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Carrying amount of		
Buildings	1,363.34	1,306.32
Plant and equipment	3,718.06	3,686.51
Furniture and fixtures	12.64	6.40
Vehicles	66.13	82.15
Office equipment	75.99	77.41
Total Property, plant and equipment	5,236.16	5,158.79
Capital work-in-progress	1.95	2.78
	5238.11	5,161.57

3 (a) Cost or Deemed Cost

Particulars	(₹ in Lakhs)					
	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Total
Balance at 1st April 2019	1576.65	5177.12	11.74	122.98	170.83	7059.32
Additions	135.62	425.75	7.39	-	17.50	586.26
Deletions	-	-	-	-	(1.20)	(1.20)
Balance at 31st March 2020	1712.27	5602.87	19.13	122.98	187.13	7644.38
Accumulated depreciation as at 1st April 2019	(270.33)	(1490.61)	(5.34)	(40.83)	(93.42)	(1900.53)
Depreciation	(78.60)	(394.20)	(1.15)	(16.02)	(17.69)	(507.66)
Accumulated depreciation on deletions	-	-	-	-	(0.03)	(0.03)
Accumulated depreciation as at 31st March 2020	(348.93)	(1884.81)	(6.49)	(56.85)	(111.14)	(2408.22)
Carrying Value as of 31st March 2020	1363.34	3718.06	12.64	66.13	75.99	5236.16
Carrying Value as of 1st April 2019	1306.32	3686.51	6.40	82.15	77.41	5158.79

Notes of Financial Statements for the year ended 31st March 2020

3 (a) Cost or Deemed Cost (contd..)

(₹ in Lakhs)

Particulars	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Total
Balance at 01st April 2018	1558.31	4998.36	11.74	119.35	152.63	6840.39
Additions	18.34	189.73	0.00	10.94	18.35	237.36
Deletions	0.00	(10.97)	(0.00)	(7.31)	(0.15)	(18.43)
Balance at 31st March 2019	1576.65	5177.12	11.74	122.98	170.83	7059.32
Accumulated depreciation as at 1st April 2018	(192.38)	(1106.26)	(4.34)	(27.48)	(37.54)	(1368.00)
Depreciation	(77.95)	(387.62)	(1.00)	(17.34)	(55.88)	(539.79)
Accumulated depreciation on deletions	0.00	3.27	0.00	3.99	0.00	7.26
Accumulated depreciation as at 31st March 2019	(270.33)	(1490.61)	(5.34)	(40.83)	(93.42)	(1900.53)
Carrying Value as of 31st March 2019	1306.32	3686.51	6.40	82.15	77.41	5158.79
Carrying Value as of 1st April 2018	1365.93	3892.10	7.40	91.87	115.09	5472.39

Notes on property, plant and equipment

- Borrowing cost capitalised during the year ₹ NIL (Previous year NIL).
- Also refer note 2(c) for option used by the company to use carrying value of previous GAAP as deemed cost as on April 1, 2015

3 (b) Right of Use-Asset

(₹ in Lakhs)

Right of Use Asset	As at 31 st March 2020	As at 31 st March 2019
Carrying amount of		
Land	1,147.19	-
Total Right of Use Asset	1,147.19	-

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Balance at 01st April 2019	-	-
Additions	-	-
Adjustments/Transfer (Refer no 39)	1,162.62	-
Deletions	-	-
Balance at 31st March 2020	1162.62	-

Notes of Financial Statements for the year ended 31st March 2020

3 (b) Right of Use-Asset (Contd..)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Accumulated depreciation as at 1st April 2019	-	-
Amortisation	(15.43)	-
Accumulated amortisation on deletions	-	-
Accumulated amortisation as at 31st March 2020	(15.43)	-
Carrying Value as of 31st March 2020	1147.19	-
Carrying Value as of 1st April 2019	-	-

*Refer note no 39 "Leases" for ROU assets movement

Note - The aggregate amortisation expense on right of use asset is included under depreciation and amortization expense in the statement of profit and loss.

4 Investments

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Non current		
Non trade Investments		
Investments carried at fair value through other comprehensive income (FVTOCI)		
Investment in equity instrument (Unquoted)		
1,647,525 (31 March 2019: 1,647,525) Equity Shares of Narmada clean Tech (formerly known as Bharuch Eco-Aqua Infrastructure Ltd. of ₹ 10/- each fully paid up.)	279.22	303.80
Investments carried at fair value through profit or loss (FVTPL)		
Investments in Mutual Funds; Debt Funds; Fixed Maturity plans		
Investment in Mutual Fund (Quoted)		
26,000,000 (31 March 2019: 26,000,000) Units of ₹ 10/- each of HDFC FMP1150D March 2018 (I) Direct Growth Series -39	3,080.19	2,823.96
* 25,000,000 (31 March 2019: 25,000,000) Units of ₹10/- each of SBI SDFC C - 16 (1100 Days) Direct Growth	2,950.53	2,706.70
Total	6,309.94	5,834.46

Notes of Financial Statements for the year ended 31st March 2020

4 Investments (Contd..)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Aggregate amount of quoted investments	6,030.72	5,530.66
Aggregate market value of quoted investments	6,030.72	5,530.66
Aggregate amount of unquoted investments	279.22	303.80
Aggregate amount of impairment in value of investments	-	-

Refer note 42

*Refer Note 46 B information on investment pledged as security by company.

5 Loans - Non current

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Financial assets at amortized cost		
Loans receivables considered good - Unsecured		
- Loans to employees	0.12	0.03
	0.12	0.03

6 Other financial assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Non Current		
Financial assets at amortized cost		
Fixed Deposit with banks more than twelve months maturity	1,996.00	-
	1,996.00	-

Notes of Financial Statements for the year ended 31st March 2020

7 Other Non Current Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
(Unsecured considered good under otherwise stated)		
Security deposits	47.54	47.54
Deferred Expense for Employee benefit	0.02	0.01
Prepayments of lease hold land premium #	-	1,147.11
Prepaid Expenses	1.87	3.26
	49.43	1,197.92

Refer note 2(l)

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

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Raw materials	1,364.46	2,317.14
Raw materials in transit	2,828.79	3,579.61
Finished goods	757.34	577.47
Work in progress	181.43	213.09
Stores and spares	915.00	949.86
	6,047.02	7,637.17

The amount of inventory recognised as an expense during the year is ₹ 26,878.63 Lakhs (Previous year ₹31,919.41)

Other Investments (Current)

9 Current Investments

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Financial assets measured at fair value through profit or loss (FVTPL)		
Investments in Preference Shares (Quoted)		
Nil (31 March 2019: 5,00,000) Preference Shares of ₹ 100/- each of L& T Redemable Preference Shares	-	497.78
(i) Investment in Bonds/Debentures (Quoted)		
Nil (31 March 2019 : 3,000) Units of ₹ 1,00,000 / each of IIFL Wealth Finance Ltd JM Financial Products Limited TR-BE-XX Opt IA & IB BR NCD 29NV19 FVRS10LAC	-	3,298.23

Notes of Financial Statements for the year ended 31st March 2020

Other Investments (Current)

9 Current Investments (Contd..)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Nil (31 March 2019 : 100) Units of ₹ 1,000,000 / each of JM Financial Products Limited TR-BE-XX Opt IA & IB BR NCD 29NV19 FVRS10LAC	-	1,100.41
Nil (31 March 2019 : 150) Units of ₹ 1,000,000 / each of JM Financial Products Limited TR-BL-IV OPT III BR NCD 16DC19 FVRS10LAC	-	1,634.37
Nil (31 March 2019 : 6000) Units of ₹ 100,000 / each of ECAP Equities Limited SR-J9J701A NCD 24MR20 FVRS1LAC	-	6,652.20
(ii) Investment in Mutual Funds		
(Quoted)		
Nil (31 March 2019 : 19,974,912) Units of ₹ 10 / each of L & T Resurgent India Corporate Bond Fund Direct Growth	-	2,817.36
18,647,984 (31 March 2019: 13,860,137) Units of ₹ 10/- each of ICICI Equity Arbitrage Fund - Direct Dividend	5,031.62	2,008.53
67,870 (31 March 2019: 67,698) Units of ₹ 1000/- each of SBI Liquid Fund Direct Growth	2,110.11	1,982.60
Nil (31 March 2019: 20,839) Units of ₹ 1000/- each of SBI Magnum Low Duration Fund Direct Growth	-	506.66
Nil (31 March 2019: 14,545,667) Units of ₹ 10/- each of SBI Arbitrage Opportunities-Direct Dividend	-	2,064.02
8,975,084 (31 March 2019: Nil) Units of ₹ 10/- each of IDFC Arbitrage Fund - Growth (Direct Plan)	2,309.36	-
7,376 (31 March 2019: Nil) Units of ₹ 1000/- each of SBI Overnight Fund Direct Growth	240.00	-
	9,691.09	22,562.16
Aggregate amount of quoted investments	9,691.09	22,562.16
Aggregate Market value of quoted investments	9,691.09	22,562.16
Aggregate amount of unquoted investment	-	-
Aggregate amount of impairment in value of investments	-	-

Refer note 42

*Investment having maturity period of less than 12 months from March 31, 2020 i.e. the balance sheet date have been reclassified as ' Current Investment' during the year, if applicable.

Notes of Financial Statements for the year ended 31st March 2020

10 * Trade receivables

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Receivable from related parties		
- Unsecured, considered good	-	-
Receivable from others		
- Secured, considered good	-	-
- Unsecured considered good	950.41	1,560.29
- Significant increase in Credit risk	-	-
- Credit impaired	4.84	4.84
- Less Allowances	(4.84)	(4.84)
	950.41	1,560.29
(i) The credit period allowed on sales generally vary, on case to case basis, business to business, based on market conditions, maximum credit period allowed is 5 days and 90 days against letter of credit (2018-19- 5 days and 90 days against letter of credit) in case of domestic sale.		
(ii) Ageing of allowances of doubtful trade receivables		
- Less than 180 days	-	-
- More than 180 days	4.84	4.84
	4.84	4.84
(iii) Age of receivables		
- Less than 180 days	937.73	1,547.61
- More than 180 days	17.52	17.52
	955.25	1,565.13
(iv) Movement in expected credit loss allowance		
- Balance at the beginning of the year	4.84	4.84
- Reversal of provision during year	-	-
- Provision provided during the year	-	-
- Balance at the end of the year	4.84	4.84

Refer note 42

Note: No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person or from firms or private company in which any directors is a partner, a director or a member.

Notes of Financial Statements for the year ended 31st March 2020

11 Cash and cash equivalents

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Cash on hand	0.45	0.06
Balance with banks :		
- In current accounts	179.19	176.64
- In deposit accounts with maturity of less than three months	6,100.00	-
	6,279.64	176.70

Refer note 42

11 A Bank Balances other than Cash and cash equivalents

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Other bank balances		
- Earmarked balances with banks*	85.07	73.16
- Deposits with maturity more than three months but less than twelve months	6,094.00	-
	6,179.07	73.16

* Earmarked balances with banks includes ₹ 47.16 Lakhs (March 31, 2019: ₹ 37.64 Lakhs) pertaining to dividend accounts with banks and ₹37.91 Lakhs (March 31, 2019: ₹ 35.52 Lakhs) pledged with government authorities and others.

12 Loans

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Financial assets at amortized cost		
Loans receivables considered good - Unsecured		
- Loans to employees	2.37	0.74
	2.37	0.74

Notes of Financial Statements for the year ended 31st March 2020

13 Other financial assets

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
Financial assets at amortized cost		
- Interest Accrued but not due	20.72	20.22
- Advances to employees	6.30	5.86
- Others	3.35	4.08
Financial assets at Fair value through Profit or Loss		
- Derivative Financial Instruments	235.32	-
	265.69	30.16

Refer note 42

14 Other current assets

(Unsecured considered good, unless otherwise stated)

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
Advances to Suppliers		
- For supply of goods and rendering of services	290.07	637.47
Prepaid expenses	36.59	54.49
Balances and Deposits with Government Authorities or Others	847.81	390.24
Deferred Expense for Employee benefits	0.09	0.02
Prepayments of Lease hold land premium #	-	15.43
	1,174.56	1,097.65

Refer note 2 (L)

15 Equity share Capital

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
Authorised		
15,00,00,000 (31 st March 2019:15,00,00,000) Equity Shares of ₹10 each	15,000.00	15,000.00
150,000,000 Equity Shares, ₹10/- each	15,000.00	15,000.00
Issued, Subscribed and Paid-up		
8,03,63,746 (31 st March 2019:8,03,63,746) Equity Shares of ₹10 each	8,036.37	8,036.37
80,363,746 Equity Shares, ₹ 10/- each		
Total issued, subscribed and fully paid-up share capital	8,036.37	8,036.37

Notes of Financial Statements for the year ended 31st March 2020

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

	As at 31 st March 2020		As at 31 st March 2019	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
At the beginning of the period	8,03,63,746	8,036.37	8,03,63,746	8,036.37
Outstanding at the end of period	8,03,63,746	8,036.37	8,03,63,746	8,036.37

(b) Terms/ rights attached to equity shares

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

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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting except in case of interim dividend.

(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	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Vardhman Textiles Limited, the holding Company	5,685.11	5,685.11
5,68,51,144 (previous year 5,68,51,144) Equity Shares of ₹10/- each fully paid		
VTL Investments Limited, the fellow subsidiary of Company	7.03	7.03
70,330 (previous year 70,330) Equity Shares of ₹.10/- each fully paid		

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

	As at 31 st March 2020		As at 31 st March 2019	
	No. of shares	% of Shareholding	No. of shares	% of Shareholding
Vardhman Textiles Ltd.	5,68,51,144	70.74	5,68,51,144	70.74

Notes of Financial Statements for the year ended 31st March 2020

(e) Aggregate number and class of shares bought back in the period of five year immediately preceding year March 31, 2020 (₹ in Lakhs)

Year	As at 31 st March 2019	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2016	As at 31 st March 2015
Equity shares bought back by the company	-	-	1,26,44,090	-	-

16 Other equity

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Capital redemption reserve	2,816.88	2,816.88
Securities premium	-	-
General reserve	4,006.15	4,006.15
Retained earnings	20,622.16	18,417.73
Equity instruments through other comprehensive income	66.78	91.36
Other items of other comprehensive income	(5.59)	(2.70)
Total other equity	27,506.38	25,329.43

Nature and purpose of reserve

- (i) Capital redemption reserve: Capital Redemption Reserve is a statutory , non-distributable reserve into which amounts are transferred following the redemption of capital or purchase of a company's own shares.
- (ii) Securities premium : The amount received in excess of face value of the equity shares is recognised in Securities Premium. It can be utilized in accordance with the provisions of the Companies Act 2013, for issuance of bonus shares to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc
- (iii) General Reserve: General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.
- (iv) Retained earnings: Retained earnings represents amount that can be distributed by the Company to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act 2013.
- (v) Reserve for equity instruments through other comprehensive income : Reserve for equity instruments through other comprehensive income represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amount reclassified to retained earnings when those assets have been disposed off.
- (vi) Reserve for other items of other comprehensive income : Other items of other comprehensive income comprises income/ (Expense) represent the actuarial gain/(loss) recognised during the year (net of taxes)

Notes of Financial Statements for the year ended 31st March 2020

17 Lease liabilities (Non Current)*

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
Financial liabilities at amortized cost		
- Lease liability	0.08	-
	0.08	-

Refer note 39

18 Provisions (Non-Current)

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
Provision for employee benefits		
- Provision for compensated absences	56.68	50.68
	56.68	50.68

Refer note 36.3

19 Deferred tax liabilities (net)

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
Deferred tax liabilities (net)	1,056.12	1,959.91
	1,056.12	1,959.91

Refer note no - 41

20 Other Non Current liabilities

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
- Other liabilities	9.48	7.51
	9.48	7.51

Notes of Financial Statements for the year ended 31st March 2020

21 Borrowings (current)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
- From banks (unsecured at amortised cost)	141.88	75.39
	141.88	75.39

*Credit limit from banks is secured by lien on investments held by the company

Refer note no - 42

22 Trade payables

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Total outstanding dues of micro enterprises and small enterprises (Refer Note 44)	33.38	30.10
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,401.23	6,826.96
	5,434.61	6,857.06

23 Other financial liabilities (current):

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Financial liabilities at amortized cost		
- Due to employees	111.66	170.14
- Securities Received	3.95	3.00
- Others	310.62	236.95
Financial liabilities at Fair value through Profit or Loss		
- Derivative Financial Instruments	-	152.93
	426.23	563.02

Refer note no - 42

Notes of Financial Statements for the year ended 31st March 2020

24 Provisions

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
Provision to Employee benefits		
- Compensated absences	7.97	10.12
	7.97	10.12

25 Current tax liabilities (net)

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
- Provision for taxation	2,501.88	2,303.62
(Net of advance taxes ₹14,060.58 Lakhs, Previous year ₹ 13,197.82 Lakhs)		
	2,501.88	2,303.62

26 Other current liabilities

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
- Withholding and other tax payables	61.97	55.46
- Trade deposits and advances	25.71	25.64
- Unpaid Dividend*	47.16	37.64
- Others liabilities	18.12	20.16
	152.96	138.90

* Unpaid dividend does not include any amount due and outstanding required to be credited to the Investors Education and Protection Fund.

Notes of Financial Statements for the year ended 31st March 2020

27 Revenue from operations

	(₹ in Lakhs)	
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Sale of products		
Finished Goods (Fibre & Tow)	33,051.97	38,719.93
Trading Goods (Acrylonitrile)	371.18	449.79
Other Operating Revenue	12.38	26.63
Export Incentives	1.34	-
	33,436.87	39,196.35

28 Other Income

	(₹ in Lakhs)	
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest income on financial assets carried at amortized cost	36.13	51.71
Interest income on employee loans	0.02	0.10
Dividend income on investments carried at fair value -		
-through Profit or loss	310.72	215.23
Net Gain on sale of investment carried at fair value through Profit or loss (Net of fair valuation gain / loss upto previous years)	1,449.35	238.98
Net Gain on investments carried at fair value through profit or loss	540.79	1,411.50
Insurance claims received	1.16	1.05
Sundry balances/Liabilities / Provisions no longer required, written back (net).	32.34	164.06
Other non operating income	14.92	5.44
Profit from sale of discarded assets	6.62	-
Net foreign exchange gain	268.69	386.61
	2,660.74	2,474.68

29 Cost of Materials Consumed

	(₹ in Lakhs)	
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Inventory at the beginning of the year	2,317.14	1,917.93
Add : Purchases	22,779.54	29,229.72
	25,096.68	31,147.65
Less: inventory at the end of the year	1,364.46	2,317.14
Cost of raw material consumed	23,732.22	28,830.51

Notes of Financial Statements for the year ended 31st March 2020

29 Cost of Materials Consumed (Contd..)

(₹ in Lakhs)		
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Raw materials consumed (Major Heads)		
Acrylonitrile	21,930.45	26,668.76
Vinyl Acetate Monomer	1,200.66	1,565.16
Others	601.11	596.59
	23,732.22	28,830.51

30 Purchases Of Stock-In-Trade

(₹ in Lakhs)		
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Acrylonitrile	372.40	437.43
	372.40	437.43

31 Changes in inventories of finished goods, stock in trade and work-in-progress

(₹ in Lakhs)		
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Inventories at the beginning of the year		
Finished Goods	577.47	865.02
Work-in-Progress	213.09	413.76
	790.56	1,278.78
Less - Inventories at the end of the year		
Finished Goods	757.34	577.47
Work-in-Progress	181.43	213.09
	938.77	790.56
Net (increase) / decrease in opening and closing stock	(148.22)	488.22
Stock Particulars of Finished Goods		
Fibre and Tow (MT)	569.68	415.05

Notes of Financial Statements for the year ended 31st March 2020

32 Employee Benefits

	(₹ in Lakhs)	
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries, wages and other allowances	1,459.29	1,350.67
Amortization of Deferred Employee benefits	0.02	0.10
Contribution to Provident and other funds	77.74	73.56
Staff welfare expense	37.95	33.01
	1,575.00	1,457.34

33 Finance Costs

	(₹ in Lakhs)	
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest on		
- Working capital and others	5.52	9.35
Other borrowing cost	24.15	34.62
	29.67	43.97

34 Other Expenses

	(₹ in Lakhs)	
Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Power and fuel	2,545.78	2,397.41
Water charges	308.84	275.70
Consumption of stores and spares	327.73	412.14
Repair and maintenance		
-Machinery	434.25	451.10
-Building	59.63	89.73
-Other	12.74	9.60
Rent	-	15.43
Rates and taxes	377.49	407.53
Insurance	38.76	22.60
Payment to auditor		
Audit fee	2.50	2.50
Tax audit fee	0.50	0.50
Reimbursement of expenses	1.14	1.94
In other capacity	0.33	0.30

Notes of Financial Statements for the year ended 31st March 2020

34 Other Expenses (Contd..)

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2020	Year ended 31 March 2019
Legal and professional	55.53	23.13
Bad debts written off / Excess provision Written off	0.84	9.67
Net Loss on sale of Plant, property and equipment	-	1.07
Property, Plant and Equipment discarded	1.23	1.73
Expenditure of CSR activities (refer note 45)	68.12	74.50
Allocation of common corporate expenses	85.08	85.94
Selling expenses	775.94	789.88
Miscellaneous expenses	131.41	128.27
	5,227.84	5,200.67

35. Contingent Liabilities and Commitments:

A. Contingent Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
a. Claims against the Company not acknowledged as debts:		
Sales tax, excise duty, vat etc*	421.35	427.75
Income-tax**	93.68	75.63

* Amount deposited ₹ 47.66 Lakhs (31st March 2019 : ₹ 48.51 Lakhs)

** Amount deposited ₹22.26 Lakhs (31st March 2019 : ₹ 22.26 Lakhs)

- b. Liability on account of outstanding bank guarantees and letter of credit of ₹183.75 Lakhs (previous year ₹ 372.75 Lakhs).
- c. The amounts shown above represents the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately or relate to a present obligations that arise from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate cannot be made. The Company has been advised that it has strong legal positions against such disputes.
- d. The Hon'ble Supreme Court in a recent ruling last year had passed a judgement on the definition and scope of 'Basic Wages' under the Employees' Provident Funds and Miscellaneous Provision Act, 1952. Pending issuance of guidelines by the regulatory authorities on the application of this ruling, the impact on the Company, if any, cannot be ascertained. The Company will update its provision, on receiving further clarity on this subject matter.

Notes of Financial Statements for the year ended 31st March 2020

B. Commitments

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	74.15	398.14

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

36.1 Defined Contribution Plans:

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

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Superannuation fund	4.75	6.17
Provident fund administered through Regional Provident Fund Commissioner	72.99	67.39

The expenses incurred on account of the above defined contribution plans have been included in Note No. 32 "Employee Benefits Expenses" under the head "Contribution to provident and other funds"

36.2 Defined Benefit Plan:

The Company sponsors funded defined benefit plan for qualifying employees. This defined benefit plan of gratuity is administered by a separate trust that is legally separate from the entity. The trustees are required by the law to act in the interest of the trust and all the relevant stakeholders i.e. active employees, inactive employees, retired employees and employers, etc. The trust is responsible for investment policy with regard to the assets of the trust. The Company has a gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972 or as per the Company's plan, whichever is more beneficial.

These plans typically expose the company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

- Salary Risk- Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
- Investment Risk – If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
- Interest Risk- A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the plan assets.

Notes of Financial Statements for the year ended 31st March 2020

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

The following tables set out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31st March 2020 and 31st March 2019.

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

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Present value of defined benefit obligation, as at the beginning of the year	196.48	189.50
Current service cost	19.83	18.91
Interest cost	15.03	14.61
Actuarial (gain)/ loss	(3.85)	(0.15)
Actual Benefits paid	(43.77)	(26.39)
Past service cost including curtailment gains / losses	-	-
Present value of defined benefit obligation at the end of the year	183.72	196.48

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

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Fair Value of Plan Assets, as at beginning of the year	202.42	151.44
Expected return on Plan Assets	15.48	11.68
Contribution by the employer	-	38.20
Return on plan assets, greater/(lesser) than expected return	(7.72)	1.16
Actual Benefits Paid	(5.84)	(0.06)
Fair Value of Plan Assets, as at end of the year	204.34	202.42

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

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Present Value of the obligation at end of the year	183.72	196.48
Fair value of plan assets	204.34	202.42
Unfunded Liability/provision in Balance Sheet	20.62	5.96

Notes of Financial Statements for the year ended 31st March 2020

d. Constitution of plan assets

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
Quoted:		
Corporate Bonds	68.45	68.45
Government of India Securities	-	-
State government/State government guaranteed securities	98.45	94.36
Mutual funds	20.85	27.10
Unquoted:		
Cash at bank and receivables	16.59	12.51
Total plan assets	204.34	202.42

e. Amount recognized in statement of profit and loss

(₹ in Lakhs)		
Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Current service cost	19.83	18.91
Net Interest expense	(0.46)	2.93
Amount recognized in the Statement of Profit and Loss	19.37	21.84

The current service cost, past service cost and the net interest expenses for the year are included in Note 32 Employee Benefits Expenses" under the head "Salaries and Wages

f. Amount recognized in Other Comprehensive Income (OCI):

(₹ in Lakhs)		
Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Actuarial (Gain)/Losses on arising from Change in Demographic Assumption	(0.09)	-
Actuarial (Gain)/Losses on arising from Change in Financial Assumption	11.28	0.73
Actuarial (Gain)/Losses on arising from Experience Adjustment	(15.04)	(0.89)
Actuarial (gain)/losses arising for the year on assets	7.72	(1.16)
Amount recognized in OCI	3.87	(1.31)

Notes of Financial Statements for the year ended 31st March 2020

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

(₹ in Lakhs)		
Particulars	As at 31 st March 2020	As at 31 st March 2019
Discount Rate		
0.50% Increase	(6.98)	(6.03)
0.50% decrease	7.48	6.45
Future Salary increase		
0.50% Increase	7.50	6.53
0.50% decrease	(7.06)	(6.15)

All other assumptions are considered constant.

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

- h. Maturity profile of Defined benefit Obligations:

(₹ in Lakhs)	
Year	Amount
0 to 1 Year	21.46
1 to 2 Year	11.61
2 to 3 Year	7.92
3 to 4 Year	8.99
4 to 5 Year	16.23
5 to 6 Year	12.94
6 Year onwards	104.57

- i. The average duration of the defined benefit plan obligation at the end of the reporting period is 12.96 years (31st March 2019: 12.84 years)
- j. The expected contribution to the trust during the next year is ₹ 21.38 Lakhs (previous year ₹ 20.50 Lakhs).

Notes of Financial Statements for the year ended 31st March 2020

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

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Discount Rate (per annum)	6.80	7.65
Weighted average rate of increase in compensation levels	6.00	6.00
Retirement Age (Years)	58	58
Method Used	Projected Unit Credit Method	Projected Unit Credit Method
Mortality rates inclusive of provision for disability	100% of IALM (2012 - 14)	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 (2012-14) rates have been assumed which also includes the allowance for disability benefits.

36.3 Other long term employee benefit

- (i) Amount recognised in profit and loss in Note No. 32 Employee benefit expense under the head "Salaries, wages and other allowances" towards leave encashment is ₹ 18.61 Lakhs (Previous year ₹ 9.12 Lakhs).
- (ii) The amount payable as at the end of the reporting period is as under:

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Current	7.97	10.12
Non-Current	56.68	50.68

Notes of Financial Statements for the year ended 31st March 2020

37. Segment Information

The Company is primarily in the business of manufacturing, purchase and sale of “Acrylic Fibre and Tow. The Chairman and Managing Director of the Company, which has been identified as being the Chief Operating Decision Maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is only one reportable segment for the Company.

Revenue from operations

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Domestic	32,916.69	38,719.93
Overseas	135.28	-

Domestic information includes sales to customers located in India

Overseas information includes sales to customers located outside India.

Revenue from major customers

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

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
- Amount of sales	15,849.94	15,953.58

38. Related Party transactions:

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) Managing director	Mr. B. K. Choudhary
(ii) Non-executive directors and Independent Directors	Ms. Apinder Sodhi Mr. Munish Chandra Gupta Mr. Sanjit Paul Singh Mr. Surinder Kumar Bansal
(iii) Non-executive directors and non-independent directors	Mr. Shri Paul Oswal Mr. Darshan Lal Sharma Mr. Sachit Jain
(iv) Chief Financial Officer	Mr Vivek Gupta
(v) Company secretary	Mr. Satin Katyal

Notes of Financial Statements for the year ended 31st March 2020

b) Other related parties

S.No.	Nature of relationship	Name of related party
1	Holding Company	Vardhman Textiles Limited
2	Fellow Subsidiaries	VMT Spinning Company Limited VTL Investments Limited Vardhman Nisshinbo Garments Company Limited
3	Associates of Holding Company	Vardhman Yarns & Threads Limited Vardhman Spinning and General Mills Limited Vardhman Special Steels Limited

(c) Post-Employment Benefit Plans Trust

VAL GRATUITY TRUST FUND

Notes of Financial Statements for the year ended 31st March 2020

Transactions with related parties.

Sr. Particulars No.	Holding Company		Fellow Subsidiaries.		Key Management Personnel (KMP)		Others		(₹ in Lakhs)	
	For the year ended 31 st March		For the year ended 31 st March		For the year ended 31 st March		For the year ended 31 st March		For the year ended 31 st March	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
1 Sale of goods (Net of discount)	9,229.21	10,793.65	-	-	-	-	-	-	9,229.21	10,793.65
2 Purchase of goods	7.70	9.17	0.09	-	-	-	-	-	7.79	9.17
3 Purchase of MEIS License	299.97	18.38	13.31	10.73	-	-	-	-	313.28	29.11
4 Reimbursement of Common Corporate Expense (Exclu. Tax)	75.97	75.97	-	-	-	-	-	-	75.97	75.97
5 Interest Received from ICDs and Current account balances	-	0.67	-	-	-	-	-	-	-	0.67
6 ***Contractual remuneration	-	-	-	-	187.14	132.20	-	-	187.14	132.20
6(a) ***Contractual remuneration outstanding as on last day of financial year	-	-	-	-	25.80	21.89	-	-	25.80	21.89
7 Dividend Paid	1,421.28	1,137.02	1.76	1.41	-	-	-	-	1,423.04	1,138.43
8 Reimbursement of Exp. Paid	3.13	0.52	-	-	-	-	-	-	3.13	0.52
9 Reimbursement of Exp. Received	1.08	3.15	-	-	-	-	-	-	1.08	3.15
10 Contribution to Employee Benefit Trust	-	-	-	-	-	-	-	38.20	-	38.20

*** 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.

*** The Amount excludes provision for employee benefits but includes sitting fees paid / payable to non-executive directors. Perquisites values are considered as per the provisions of Income tax act, 1961.

Notes of Financial Statements for the year ended 31st March 2020

Outstanding Balances of Related parties

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Receivables	NIL	NIL
Payables	NIL	NIL
Total	NIL	NIL

39. Disclosures as required by Indian Accounting Standard (Ind AS) 116 “Leases”:-

The Company has lease contracts for Land. Leases of land have lease terms of 99 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹0.08 lakhs and a lease liability of ₹0.08 lakhs. Further, in respect of leases which were classified as operating leases, applying Ind AS 17, ₹ 1162.54 lakhs has been reclassified from "Other Assets" to "Right of Use Asset". The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

(a) Following are the changes in the carrying value of right of use assets for the year ended 31st March 2020:

Particulars	(₹ in Lakhs)
	For the year ended 31 st March 2020
Balance as on 01 st April 2019	-
Reclassified on account of adoption of Ind AS 116	1162.62
Addition	-
Deletion	-
Amortisation	(15.43)
Balance as on 31 st March 2020	1147.19

The aggregate amortisation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

(b) The following is the break-up of current and non-current lease liabilities as at 31st March 2020

Particulars	Amount (in Lakhs)
Current lease liabilities	-
Non-Current lease liabilities	0.08
Total	0.08

Notes of Financial Statements for the year ended 31st March 2020

(c) Following is the movement in lease liabilities during the year ended 31st March 2020:

Particulars	Amount (in Lakhs)
Balance at the beginning of the year	0.08
Finance cost accrued during the year	0.01
Payment of lease liabilities	(0.01)
Balance at the end of the year	0.08

(d) Following is the movement in lease liabilities during the year ended 31st March 2020:

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Less than one year	15.43	15.43
One to five years	61.73	61.73
More than five years	1070.03	1085.38
Total	1147.19	1162.54

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

(e) The following are the amounts recognised in statement of profit and loss:

Particulars	Amount (in Lakhs)
Amortisation Expenses on Right of use Assets	15.43
Interest expense on lease liabilities	0.01
Expense relating to short-term leases (included in other expenses)	-
Total Amount Recognised in Profit and Loss	15.44

Notes of Financial Statements for the year ended 31st March 2020

40. Earning Per Share

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Basic earnings per share (INR)	5.76	4.29
Diluted earnings per share (INR)	5.76	4.29
Profit attributable to the equity holders of the Company used in calculating basic earning per share (₹ in Lakhs)	4626.50	3448.76
Weighted average number of equity shares for the purpose of basic earning per share (numbers)	80,363,746	80,363,746
Profit attributable to the equity holders of the Company used in calculating dilutive earning per share (₹ in Lakhs)	4626.50	3448.76
Weighted average number of equity shares for the purpose of dilutive earning per share (numbers)	80,363,746	80,363,746

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.

41. Income Tax:

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

41.1. Deferred tax liabilities (Net)

	(₹ in Lakhs)				
	Opening Balance	Recognised in Profit or Loss being opening adjustment due to change in tax rate	Recognised in profit or loss	Recognised in OCI	Closing Balance
2019-20					
A. Deferred tax assets					
Expenses deductible in future years	37.48	-	-	-	37.48
Others	-	(10.49)	1.39	-	(9.10)
Total	37.48	(10.49)	1.39	-	28.38
B. Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(1,297.47)	362.98	65.50	-	(868.99)
Investment in bonds, mutual funds and equity instruments	(699.92)	310.36	219.86	-	(169.70)
Others	-	-	(45.81)	-	(45.81)
Total	(1,997.39)	673.34	239.55	-	(1084.50)
Net deferred tax liabilities	(1,959.91)	662.85	240.94	-	(1056.12)

Notes of Financial Statements for the year ended 31st March 2020

	(₹ in Lakhs)				
	Opening Balance	Recognised in Profit or Loss being opening adjustment due to change in tax rate	Recognised in profit or loss	Recognised in OCI	Closing Balance
2018-19					
A. Deferred tax assets					
Expenses deductible in future years	108.88	-	(71.40)	-	37.48
Total	108.88	-	(71.40)	-	37.48
B. Deferred tax liabilities					
Property, plant and equipment and Intangible assets	(1,401.11)	-	103.64	-	(1,297.47)
Investment in bonds, mutual funds and equity instruments	(721.78)	-	(23.45)	45.31	(699.92)
Others					
Total	(2,122.89)	-	80.18	45.31	(1,997.39)
Net deferred tax liabilities	(2,014.01)	-	8.79	45.31	(1,959.91)

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

41.2 Income tax recognised in profit or loss

	(₹ in Lakhs)	
Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Current tax		
In respect of the current year	1062.89	1,233.13
Deferred tax		
In respect of the current year	(903.79)	(8.79)
Total income tax expense recognised	159.10	1,224.34

Notes of Financial Statements for the year ended 31st March 2020

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

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Profit before tax	4,785.60	4,673.10
Tax at the Indian Tax Rate of 25.168% / 34.944 %	1,204.44	1,632.97
Differential tax rate on capital gain on sale of investments/ fair valuation on investment	(306.91)	(89.20)
Effect of exempted dividend income	(77.95)	(74.51)
Effect of indexation benefit on value of investment	(17.34)	(267.74)
Effect of expenses that are not deductible in determining taxable profit	20.21	13.83
Deferred tax adjustments earlier year due to change in tax rate.	(662.85)	-
Others	(0.50)	8.99
Total	159.10	1,224.34
Current tax	1,062.89	1,233.13
Deferred tax	(903.79)	(8.79)
Total tax provided	159.10	1,224.34

41.3 Income tax recognised in other comprehensive income

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Arising on income and expenses recognised in other comprehensive income		
Net fair value gain on investment in equity shares at FVTOCI	-	(45.31)
Remeasurement of defined benefit obligation	(0.97)	0.46
Total income tax recognised in other comprehensive income	(0.97)	(44.85)

42. Financial Instruments and Risk Management

42 (a) Capital Management

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

Notes of Financial Statements for the year ended 31st March 2020

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

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

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

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Borrowings	141.88	75.39
Cash and cash equivalent	12,458.71	249.86
Net Debt	(12,316.83)	(174.47)
Total Equity	35,542.75	33,365.80
Net debt to equity ratio	-	-

42 (b) Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31st March 2020 are as follows

Particulars	(₹ in Lakhs)					
	Amortized cost	FVTPL	Fair Value (Derivative Instruments)	FVTOCI	Total carrying cost	Total fair value
Financial Assets:						
Cash and cash equivalents	12,458.71	-	-	-	12,458.71	12,458.71
Investments	-	15,721.81	-	279.22	16,001.03	16,001.03
Trade receivables	950.41	-	-	-	950.41	950.41
Loans	2.49	-	-	-	2.49	2.49
Other financial assets	2026.37	-	235.32	-	2,261.69	2,261.69
Total	15,437.98	15,721.81	235.32	279.22	31,674.33	31,674.33
Financial Liabilities:						
Trade payables	5434.61	-	-	-	5434.61	5434.61
Short Term Borrowings	141.88	-	-	-	141.88	141.88
Other financial liabilities	426.31	-	-	-	426.31	426.31
Total	6002.80	-	-	-	6002.80	6002.80

Notes of Financial Statements for the year ended 31st March 2020

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

(₹ in Lakhs)						
Particulars	Amortized cost	FVTPL	Fair Value (Derivative Instruments)	FVTOCI	Total carrying cost	Total fair value
Financial Assets:						
Cash and cash equivalents	249.86	-	-	-	249.86	249.86
Investments	-	28092.82	-	303.80	28396.62	28396.62
Trade receivables	1560.29	-	-	-	1560.29	1560.29
Loans	0.77	-	-	-	0.77	0.77
Other financial assets	30.16	-	-	-	30.16	30.16
Total	1841.08	28092.83	-	303.80	30237.71	30237.71
Financial Liabilities:						
Trade payables	6857.06	-	-	-	6857.06	6857.06
Short Term Borrowings	75.39	-	-	-	75.39	75.39
Other financial liabilities	410.09	-	152.93	-	563.02	563.02
Total	7342.54	-	152.93	-	7495.47	7495.47

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

Fair value hierarchy

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

As at 31st March 2020

(₹ in Lakhs)				
Financial Assets	Level 1	Level 2	Level 3	Total
Investments in Mutual Funds/ Bonds/ Preference Shares	9691.09	6030.72	-	15721.81
Investments in Quoted Equity Instruments	-	-	-	-
Investments in Unquoted Equity Instruments	-	-	279.22	279.22
Foreign Currency forward contracts	-	235.32	-	235.32
Total	9691.09	6266.04	279.22	16236.35
Financial Liabilities				
Foreign Currency forward contracts	-	-	-	-

Notes of Financial Statements for the year ended 31st March 2020

As at 31st March 2019

	(₹ in Lakhs)			
Financial Assets	Level 1	Level 2	Level 3	Total
Investments in Mutual Funds/ Bonds/ Preference Shares	9,379.16	18,713.66	-	28,092.82
Investments in Quoted Equity Instruments	-	-	-	-
Investments in Unquoted Equity Instruments	-	-	303.80	303.80
Foreign Currency forward contracts	-	-	-	-
Total	9,379.16	18,713.66	303.80	28,396.62
Financial Liabilities				
Foreign Currency forward contracts	-	152.93	-	152.93

Level 1:

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

Level 2:

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

Level 3:

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

Sensitivity of Level 3 financial instruments are insignificant.

The fair value of the financial instruments are determined at the amount that would be received to sell an asset in an orderly transaction between market participants.

The following methods and assumptions were used to estimate the fair values:

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

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

Notes of Financial Statements for the year ended 31st March 2020

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

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

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

Reconciliation of Level 3 fair value measurements

	Unlisted equity instruments
As at 01st April 2018	433.46
Purchases	-
Gain/ (loss) recognised in OCI	(129.66)
As at 31st March 2019	303.80
Purchases	-
Gain/ (loss) recognised in OCI	(24.59)
As at 31st March 2020	279.22

Financial risk management

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

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

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

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

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

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

Notes of Financial Statements for the year ended 31st March 2020

(i) Market Risk

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

(a) Foreign currency risk

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

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

The Carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods expressed in foreign currency are as follows:

Particulars	(FC in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
a) Exposure on account of Financial Assets		
Trade receivables (A)		
-In USD	-	-
-In Euro	-	-
-In JPY	-	-
Amount hedged through derivate forwards contracts (B)		
-In USD	-	-
-In Euro	-	-
-In JPY	-	-
Net Exposure to Foreign Currency Assets C=A-B		
-In USD	-	-
-In Euro	-	-
-In JPY	-	-
b) Exposure on account of Financial Liabilities		
Trade Payables and Loans (D)		
-In USD	60.49	93.18
-In Euro	0.02	0.02
-In JPY	-	-

Notes of Financial Statements for the year ended 31st March 2020

Particulars	(FC in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Amount Hedged through derivative forward contracts (E)		
-In USD	(60.49)	(93.18)
-In Euro	-	-
-In JPY	-	-
Net Exposure to Foreign Currency Liabilities (F=D-E)		
-In USD	-	-
-In Euro	0.02	0.02
-In JPY	-	-
Net Exposure to Foreign Currency(F-C)		
-In USD	-	-
-In Euro	0.02	0.02
-In JPY	-	-

Company uses derivative financial instruments exclusively

The following significant exchange rates applied during the year:

Particulars	(₹ in Lakhs)			
	2019-20 (Average exchange rate)	2018-19 (Average exchange rate)	2019-20 (Year end rates)	2018-19 (Year end rates)
INR/USD	70.89	69.92	75.56	69.16
INR/EURO	78.79	80.94	82.96	77.70
INR/JPY	0.65	0.63	0.71	0.62

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)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
10% Strengthening/weakening of EURO against INR	0.17	0.16

Notes of Financial Statements for the year ended 31st March 2020

Foreign exchange derivative contracts

The Company uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The company's Corporate Treasury team measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency cash flows by appropriately hedging the transactions. When a derivative is entered into for the purpose of being a hedge, the company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. All identified exposures are managed as per the policy duly approved by the Board of Directors.

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

Particulars	No. of deals	(₹ in Lakhs)		
		As at 31 st March 2020	No. of deals	As at 31 st March 2019
Contracts against Import				
-In USD	14	65.51	12	99.96
-In JPY	-	-	1	27.04

Sensitivity on the above derivative contracts in respect of foreign currency exposure is insignificant.

(b) Interest Rate Risk Management

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

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

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

Particulars	Carrying amount	
	As at 31 st March 2020	As at 31 st March 2019
Variable rate instruments		
Short term borrowings	141.88	75.39

Notes of Financial Statements for the year ended 31st March 2020

Cash flow sensitivity analysis for variable rate instruments

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

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Increase/ (decrease) in profit before tax by	1.42	0.75

(c) Security Price Risk Management

Exposure in equity

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

Equity price sensitivity analysis

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

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

Other comprehensive income for 31st March 2020 would increase / decrease by ₹ 14.00 Lakhs (31st March 2019: increase / decrease by ₹ 15.19 Lakhs) as a result of the change in fair value of equity investment measured at FVTOCI.

Exposure in mutual funds

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

Mutual fund/Preference share price sensitivity analysis

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

Profit for the year ended 31st March 2020 would increase / decrease by ₹ 157.22 Lakhs (31st March 2019 by ₹149.10 Lakhs) as a result of the changes in fair value of mutual fund investments.

(ii) Liquidity Risk

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

Notes of Financial Statements for the year ended 31st March 2020

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

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

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Borrowings		
Less than 1 year	141.88	75.39
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
Trade Payables		
Less than 1 year	5434.61	6857.06
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
Other Financial liabilities		
Less than 1 year	426.31	563.02
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-

Financial Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Investments		
Less than 1 year	9,691.09	22,562.16
More than 1 year and upto 3 years	6,030.72	5,530.66
More than 3 year and upto 5 years	-	-
More than 5 years	279.22	303.80
Trade Receivables		
Less than 1 year	950.41	1560.29
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-

Notes of Financial Statements for the year ended 31st March 2020

Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Investments		
Cash and cash equivalents		
Less than 1 year	12,458.71	249.86
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
Bank/FDR's balances other than above		
Less than 1 year		
More than 1 year and upto 3 years	1996.00	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
Loans		
Less than 1 year	2.37	0.74
More than 1 year and upto 3 years	0.12	0.03
More than 3 year and upto 5 years	-	-
More than 5 years	-	-
Other financial assets		
Less than 1 year	265.69	30.16
More than 1 year and upto 3 years	-	-
More than 3 year and upto 5 years	-	-
More than 5 years	-	-

(iii) Credit Risk Management

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

The company 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.

Notes of Financial Statements for the year ended 31st March 2020

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

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2020	For the year ended 31 st March 2019
(a) Revenue from top five customers		
- Amount of sales	21,381.97	21,948.77
- % of total sales	63.95%	56.00%
(b) Financial assets for which loss allowance, measured		
- Trade Receivables	-	-
Loss allowance is as follows:		
(c) Opening Balance	4.84	4.84
Provided during the year	-	-
Reversed during the year	-	-
Closing Balance	4.84	4.84

Other than financial assets mentioned above, none of the Company's financial assets are either impaired, and there were no indications that defaults in payment obligations would occur.

Write off policy

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

43. 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.

44. The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified from the available information:

Sr no Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
(i) Principal amount remaining unpaid	33.38	30.10
(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	-	-

Notes of Financial Statements for the year ended 31st March 2020

Sr no Particulars	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
(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	-	-

45. Expenditure incurred on Corporate Social Responsibility.

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

(a) Gross amount required to be spent by the company during the year ₹ 90.90 Lakhs (previous year ₹ 99.01 Lakhs).

(b) Amount spent during the year ₹68.12 Lakhs (previous year ₹74.50 Lakhs)

(c) Amount remaining unspent as on 31st March 2020 ₹ 22.78 Lakhs (Previous year ₹ 24.51 Lakhs)

(d) Activity

Particulars	(₹ in Lakhs)	
	For Financial year 2019-20	For Financial year 2018-19
a) Promoting Education	26.95	45.71
b) Promoting Healthcare	31.57	12.00
c) Rural Development Projects	9.22	16.45
d) Promoting Art and Culture Environmental Sustainability	0.38	0.34
Total	68.12	74.50

45A. There has been no delay in transferring amount, required to be transferred, to the investor education Protection Fund by the Company during the year.

Notes of Financial Statements for the year ended 31st March 2020

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

a. Disaggregated revenue information

	(₹ in Lakhs)	
Type of goods	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Revenue from Acrylic Fibre and Tow	33,051.97	38,719.93
Revenue from Trading Goods (Acrylonitrile)	371.18	449.79
Total Revenue from Operations	33,423.15	39,169.72
Total Revenue from Contracts with Customers		
Revenue from Customers based in India	33,287.87	39,169.72
Revenue from Customers based outside India	135.28	-
Total Revenue from Contracts with Customers	33,423.15	39,169.72
Timing of Revenue Recognition		
Goods transferred at a point in time	33,423.15	39,169.72

b. Trade receivables and Contract Customers

	(₹ in Lakhs)	
	As at 31 st March 2020	As at 31 st March 2019
Trade Receivables	950.41	1560.29

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

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

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

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

c. Contract Liabilities

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

The amount of revenue recognized during the year for the amount included in contract liabilities at the beginning of the year is ₹ 25.64 Lakhs (previous year ₹74.60 Lakhs).

Notes of Financial Statements for the year ended 31st March 2020

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

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
Revenue as per Contract Price		
Less : Adjustments	33,886.17	39,306.29
Sale Return		
Discount	463.02	136.57
	33423.15	39169.72

e. Performance obligation and remaining performance obligation

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

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. As on 31st March, 2020, there were no remaining performance obligation as the same is satisfied upon delivery of goods/services.

46.B. Assets pledged as Security:-

The Carrying amount of assets pledged as security for current borrowings are as follows:-

(₹ in Lakhs)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Non-Current Investments		
*25,000,000 (31 st March 2019: 25,000,000) Units of ₹ 10/- each of SBI SDFC	2950.53	2706.70
C - 16 (1100 Days) Direct Growth		
Total Assets Pledged as Security	2950.53	2706.70

The Above investment is lien marked against Overdraft facility of ₹2217 Lacs from HDFC Bank since 18-December-2018 but the same is unutilized as on 31st March 2020.

Notes of Financial Statements for the year ended 31st March 2020

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

(₹ in Lakhs)

Particulars	Year ended 31 st March 2020		Year ended 31 st March 2019	
	Current Borrowings	Non-current Borrowings (incl. current maturities)	Current Borrowings	Non-current Borrowings (incl. current maturities)
Opening Balance of Financial liabilities coming under the financing activities of Cash Flow Statement	75.39	-	132.81	-
Changes during the year				
a) Changes from financing cash flow	66.49	-	(57.42)	-
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-	-	-
c) the effect of changes in foreign exchanges rates- (Gain)/Loss	-	-	-	-
d) Changes in fair value	-	-	-	-
e) Other Changes	-	-	-	-
Closing Balance of Financial liabilities coming under the financing activities of Cash Flow Statement	141.88	-	75.39	-

47 The Company has made assessment of impact of COVID-19 on the carrying amount of property, plant and equipment, Investments, Inventories, receivables and other current assets. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of the assets. However in view of highly uncertain and continuously evolving business environment, the eventual impact of COVID-19 may be different from the estimated as at the date of approval of these financial results.

48. Previous year figures in the financial statements, including the notes thereto, have been reclassified wherever required to confirm to the current year presentation/classification.

As per our report of even date attached

For S C V & Co. LLP

Chartered Accountants

Firm Registration No.: 000235N/N500089

For and on behalf of the Board of Directors

Sanjiv Mohan

Partner

Membership No.: 086066

Place: Ludhiana

Date: 19th June, 2020

Satin Katyal

Company Secretary

Membership No.: A40578

Place: Ludhiana

Date: 19th June, 2020

Vivek Gupta

Chief Financial Officer

Place: Gurugram

Date: 19th June, 2020

B.K.Choudhary

Managing Director

DIN:00307110

Place: Gurugram

Date: 19th June, 2020

S.P. Oswal

Chairman

DIN: 00121737

Place: Ludhiana

Date: 19th June, 2020

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CIN: L51491PB1990PLC019212

