

27th

**ANNUAL REPORT
2016-17**



Vardhmān

Vardhmān Acrylics Limited

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

Mr. Vivek Gupta

COMPANY SECRETARY

Ms. Ruchita Vij

AUDITORS

M/s. S.S. Kothari Mehta & Co.
Chartered Accountants
New Delhi

BANKERS

State Bank of Patiala
ICICI Bank Limited

REGISTRAR AND TRANSFER AGENT

M/s. MCS Share Transfer Agent Limited
Kolkata

REGISTERED & CORPORATE OFFICE

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

BUSINESS OFFICE

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

WORKS

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

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NOTICE

NOTICE is hereby given that the **TWENTY SEVENTH ANNUAL GENERAL MEETING** of members of Vardhman Acrylics Limited will be held on Friday, the 22nd day of September, 2017 at 2.30 p.m. at the Registered Office of the Company situated at Chandigarh Road, Ludhiana, to transact the following business:-

ORDINARY BUSINESS:

Item No. 1 – Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2017 together with Report of Board of Directors and Auditors thereon.

Item No. 2 – Declaration of Final Dividend

To declare a final dividend of ₹ 1.50/- per share for the year ended 31st March, 2017.

Item No. 3 – Re-appointment of 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.

Item No. 4 – Appointment of Statutory Auditors

To consider and approve the appointment of Statutory Auditors of the Company for the financial year 2017-18 and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:-

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 and subject to approval by members of the Company, M/s. S.C. Vasudeva & Co., Chartered Accountants (Registration No. 000235N), is hereby appointed as the Statutory Auditors of the Company for a term of five (5) consecutive years starting from conclusion of the 27th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company, at such remuneration and reimbursement of out-of-pocket expenses and applicable taxes as may be finalized by the Chairman of the Company subject to ratification by members at every Annual General Meeting during their tenure.”

SPECIAL BUSINESS:

Item No. 5 – Re-appointment of Mr. Munish Chandra Gupta, Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Munish Chandra Gupta (DIN:

01362556), Independent Director, whose period of office is expiring at this Annual General Meeting and who has submitted a declaration confirming he 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, rules made thereunder and in respect of whom the Company has received a notice in writing from a member proposing his 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 five (5) consecutive years starting from the date of this Annual General Meeting to the conclusion of the 32nd Annual General Meeting of the Company.”

Item No. 6 – Re-appointment of Mr. Sanjit Paul Singh, Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sanjit Paul Singh (DIN: 00619284), Independent Director, whose period of office is expiring at this Annual General Meeting and who has submitted a declaration confirming he 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, rules made thereunder and in respect of whom the Company has received a notice in writing from a member proposing his 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 five (5) consecutive years starting from the date of this Annual General Meeting to the conclusion of the 32nd Annual General Meeting of the Company.”

Item No. 7 – Re-appointment of Mr. Surinder Kumar Bansal, Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Surinder Kumar Bansal (DIN: 00165583), Independent Director, whose period of office is expiring at this Annual General Meeting and who has submitted a declaration confirming he 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, rules made thereunder

and in respect of whom the Company has received a notice in writing from a member proposing his 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 five (5) consecutive years starting from the date of this Annual General Meeting to the conclusion of the 32nd Annual General Meeting of the Company.”

Item No. 8 - 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) the 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 27th Annual General Meeting.

RESOLVED FURTHER THAT pursuant to the provisions of Section 189 of the Companies Act, 2013 (as amended or re-enacted from time to time) read with Rule no 16 of the Companies (Meeting of Board and its Powers) Rules 2014, Company Secretary, be and is hereby 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 authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to this resolution.”

Item No. 9 – Ratification of remuneration payable to Cost Auditor for the Financial Year ending 31st March, 2018:

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 (including any statutory modification(s) or re-enactment 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 the cost records of the Company for the Financial Year ending 31st March, 2018 be paid the remuneration of ₹ 45,000/- plus applicable taxes.

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

BY ORDER OF THE BOARD

Sd/-
(Ruchita Vij)
Company Secretary

Place: Gurugram
Dated: August 05, 2017

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.**

However, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Subject to the provisions of Section 126 of the Companies Act, 2013 (corresponding to Section 206A of the Companies Act, 1956), dividend as recommended by the Board of Directors, if declared at the meeting, will be dispatched/ remitted commencing on or from 25th September, 2017.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/MCS Share Transfer Agent Limited.
7. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 11th September, 2017 to 22nd September, 2017 (both days inclusive).**
8. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
9. The information pursuant to Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, regarding the Directors seeking appointment/re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
10. Members desiring any information, as regards Accounts, are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.

11. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
 12. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.
 13. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their members electronically. In support of the Green Initiative, your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance sheet, Statement of Profit & Loss and Director's Report etc and other communications in electronic form. The members are requested to support this Green Initiative by registering/ updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialized form) or with Registrar and Transfer Agent, MCS Share Transfer Agent Limited, Kolkata (in case of shares held in physical form).
 14. The Results of the resolutions passed at the AGM of the Company will be declared within 48 working hours of conclusion of AGM. The results declared alongwith the Scrutinizer's report shall be placed on the Company's website www.vardhman.com and on the website of CDSL and will be communicated to the stock exchanges.
 15. The Annual Report 2016-17 is being sent through electronic mode only to the members whose email addresses are registered with the Company/Depository Participant(s), unless any member(s) who have not registered their email addresses, physical copies of the Annual Report 2016-17 are being sent by permitted mode.
 16. M/s. Bhupesh Gupta & Associates, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e-voting process). The Scrutinizer shall within a period of three working days from the conclusion of e-voting period, unblock the votes in presence of at least two witnesses, not in employment of the Company and make a report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 17. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for voting, through ballot paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.
- 18. The instructions for shareholders voting electronically are as under:**
- i. The e-voting period commences on 19th September, 2017 (9.00 a.m.) and ends on 21st September, 2017 (5.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 15th September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after end of voting period. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - iii. The shareholders should log on to the e-voting website www.evotingindia.com.
 - iv. Click on "Shareholders" tab.
 - v. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - vi. Next enter the Image Verification as displayed and Click on Login.
 - vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - viii. If you are a first time user follow the steps given below:
- | | For Members holding shares in Demat Form and Physical Form |
|-----|--|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. Sequence number is printed on Attendance slip provided with the Annual report. |

	<ul style="list-style-type: none"> 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: **170819044** for <**VARDHMAN ACRYLICS LIMITED**> on which you choose to vote.
- xiii. On the voting page, you will see **“RESOLUTION DESCRIPTION”** and against the same the option **“YES/ NO”** for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the **“RESOLUTIONS FILE LINK”** if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on **“SUBMIT”**. A confirmation box will be displayed. If you wish to confirm your vote, click on **“OK”**, else to change your vote, click on **“CANCEL”** and accordingly modify your vote.

- xvi. Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take out print of the voting done by you by clicking on **“Click here to print”** option on the Voting page.
- xviii. If Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on **Forgot Password** & enter the details as prompted by the system.
- xix. Shareholders can also cast their vote using CDSL’s mobile app **“m-Voting”** available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xx. Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **www.evotingindia.com** and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xxi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com**

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

BY ORDER OF THE BOARD

Sd/-
(Ruchita Vij)
Company Secretary

PLACE: Gurugram
DATE: August 05, 2017

ANNEXURE TO THE NOTICE:

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

(For Item No. 5 to 9)

ITEM NO. 5 to 7:

Mr. Munish Chandra Gupta, Mr. Sanjit Paul Singh, Mr. Surinder Kumar Bansal and Ms. Geeta Mathur were appointed as Independent Directors 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 resolutions passed at the 24th Annual General Meeting held on 25th September, 2014. As per the said resolutions, the term of appointment of all these Independent Directors expires at 27th Annual General Meeting. However, on account of pre-occupation & personal commitments, Ms. Geeta Mathur expressed her unwillingness for continuation of Directorship after conclusion of the existing term. Considering the rich experience, knowledge, skills, valuable contribution to the Company and overall performance evaluation of these Independent Directors, the Board of Directors of the Company in its meeting held on 3rd May, 2017 had approved and recommended the re-appointment of Mr. Munish Chandra Gupta, Mr. Sanjit Paul Singh and Mr. Surinder Kumar Bansal as Independent Directors for a second term of five (5) consecutive years up to 32nd Annual General Meeting 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 and disclosure of such appointment in Board's report.

Mr. Munish Chandra Gupta, Mr. Sanjit Paul Singh and Mr. Surinder Kumar Bansal individually have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, they fulfill 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 along with a requisite deposit proposing the candidature of Mr. Munish Chandra Gupta, Mr. Sanjit Paul Singh and Mr. Surinder Kumar Bansal to be re-appointed as Independent Directors of the Company in accordance with the provisions of the Companies Act, 2013.

Brief Profile, Qualifications, Experience, Date of Appointment on Board, Shareholding in the Company along with Directorship, Membership/Chairmanship of Committees held in other Listed Companies of Mr. Munish Chandra Gupta, Mr. Sanjit Paul Singh and Mr. Surinder Kumar Bansal are enclosed along with explanatory statement.

The Board of Directors recommends the Special Resolution as set out at Item Nos. 5 to 7 for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Munish Chandra Gupta, Mr. Sanjit Paul Singh and Mr. Surinder Kumar Bansal, being appointees, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolutions set out at Item Nos. 5 to 7.

ITEM NO. 8:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the shareholders in their 26th AGM held on 5th September 2016 had given approval for entering into Related Party Transactions for the Financial Year 2017-18

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

Transactions are to be considered as material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the Annual consolidated turnover of the Company as per the last audited financial statements of the Company. The material nature of related party transactions being entered by the Company mandates it to seek members approval for such transactions for the Financial Year 2018-19.

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 (Traded/Manufactured) to its holding company Vardhman Textiles Ltd (VTXL). VTXL had been consuming Exlan quality of acrylic fiber prior to setting up of VAL as a subsidiary company. As on date, around 30-35% of the fiber produced by VAL is consumed as raw material by VTXL. Further, VAL, also imports some specific quality of fiber which is not produced by it, which is further sold to VTXL as traded goods.

Sr. No.	Name of the Related Party	Relationship with the Company	Particulars of Contract or Arrangements	Material Terms/ Indicative Base Price	Whether on Arm's Length
1.	Vardhman Textiles Limited (VTXL)	Holding Company	<ul style="list-style-type: none"> Sale of Acrylic Fiber (Traded/Manufactured) 	At Market Related Prices	Yes
			<ul style="list-style-type: none"> Purchase/sale of DEPB licenses Purchase/sale of fixed assets Rent Paid 	At Market Related Prices	Yes
			<ul style="list-style-type: none"> Payment towards sharing of corporate services Reimbursement of expenses (paid/received) 	At Cost	Yes

The Board of Directors recommends the Ordinary Resolution as set out at Item No. 8 for approval of the Members.

MEMORANDUM OF INTEREST:

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 8 of the Notice.

ITEM NO. 9:

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. Upon the recommendations of Audit Committee, the Board of Directors in its meeting held on 3rd May, 2017 had appointed Mr. R.A. Mehta, as Cost Auditor of the Company to conduct Cost Audit for Financial Year ending 31st March, 2018.

Accordingly, the consent of the members is solicited for passing an Ordinary Resolution as set out at Item No. 9 of the notice for ratification of payment of remuneration of ₹ 45,000/- to the Cost Auditor for the Financial Year ending 31st March, 2018. The Board commends the Ordinary Resolution as set out at Item No. 9 of the Notice for approval by the shareholders.

MEMORANDUM OF INTEREST:

None of the Directors/Key Managerial Personnel (KMP) of the Company/ their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 9.

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

Name of the Director	S.P. Oswal	M.C. Gupta	S.P. Singh	S.K. Bansal
Date of Birth	08.04.1942	23.07.1938	16.09.1959	15.05.1946
Date of Appointment	24.12.1990	17.04.2003	13.10.2003	22.01.2009
Expertise in specific functional area	Rich business experience of more than 50 years in Textiles industry	Industrial Promotion, Industrial Policy, Corporate Governance, Financial Management, Taxation, etc.	Corporate Strategy, Finance & Accounts and Human Resources.	43 years experience as a practicing Chartered Accountant with specialisation in Auditing, Financial Planning, Taxation etc.
Qualification	M.Com (Gold Medalist)	M.A. (English) & Diploma In Public Administration	B.Com & M.B.A	B.Sc, F.C.A, C.F.E, A.I.I.A & A.H.I.A
Directorships in Other Listed Companies as on 31st March, 2017	1. Vardhman Textiles Limited 2. Vardhman Holdings Limited	1. Lumax Industries Limited 2. Bhansali Engg Polymers Ltd.	NIL	1. Steel Strips Wheels Ltd.
Chairman/Member of Committees of Other Listed Companies as on 31st March, 2017	Audit Committee: NIL Stakeholders Relationship Committee: NIL	Audit Committee: NIL Stakeholders Relationship Committee: NIL	Audit Committee: NIL Stakeholders Relationship Committee: NIL	Audit Committee: Steel Strips Wheels Ltd. Stakeholders Relationship Committee: Steel Strips Wheels Ltd.
No. of Shares held	10	20,000	NIL	NIL
Relationship with other Director(s)	Related to Mr. Sachit Jain	Not related to any Director	Not related to any Director	Not related to any Director

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 27th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended, 31st March, 2017.

1. FINANCIAL RESULTS:

The financial performance of your Company for the year ended 31st March, 2017 is as under:-

PARTICULARS	₹ in Lakhs)	
	2016-17	2015-16
Revenue from operations (Net)	36,842.96	44,759.18
Other Income	2,452.38	2,203.54
Profit before Depreciation, Interest & Tax (PBDIT)	6,211.08	6,619.22
Interest and Financial expenses	36.13	24.46
Profit before Depreciation and Tax (PBDT)	6,174.95	6,594.76
Depreciation	460.62	441.62
Profit before Tax (PBT)	5,714.33	6,153.14
Provision for Tax - Current	1,632.29	1,498.09
- Deferred Tax (Net of Adjustment)	(28.48)	578.50
- MAT Credit Entitlement	1,603.81	2,076.58
Profit after tax (PAT)	4,110.52	4,076.56
Other Comprehensive Income	(11.38)	3.62
Total Comprehensive Income for the period	4,099.14	4,080.18
Earnings per share (₹)		
- Basic	4.45	4.38
- Diluted	4.45	4.38

Note: The Financial Statements of the Company for the year ended 31st March, 2017, are the first the Company has prepared in accordance with Indian Accounting Standards (Ind AS). The Financial Statements for the year ended 31st March, 2016 have been restated in accordance with Ind AS for comparative information.

Indian Accounting Standards (Ind AS):

The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated 16th February, 2015, notified the Ind AS applicable to certain classes of Companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Ind AS is applicable on the Company from 1st April, 2016, with a transition date of 1st April, 2015.

The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in Note No. 34 in the notes to accounts of the financial statements.

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

A. ACRYLIC FIBRE INDUSTRY – GLOBAL AND INDIAN PERSPECTIVE:

The year 2016 started with low crude oil prices which is seen as positive for Acrylic Fibre (AF) consumption. AF industry was, too, looking for growth after years of stagnancy or drop in demand. However, two global factors led once again to a near stagnant demand for AF in 2016. AF is used primarily for winter wear and 2016 being the hottest year ever recorded was not a good development. Steep increase in crude oil prices from \$40 a barrel at the beginning of the year to \$53 by end of the year on back of production cuts agreed by few major crude oil producers and a long force majeure at a major Acrylonitrile (major raw material for AF) producer resulted in higher input cost. Commissioning of new AF capacities in China in 2015 and 2016 also kept prices low at a time when input costs were increasing, thereby putting pressure on margins. Chinese net imports of AF dropped to lowest levels in 20 years. Domestically, a not so good monsoon, mild winter and demonetization at peak of season were the factors contributing towards almost unchanged or slight negative AF consumption.

Demand and rates of AF in Indian market were encouraging in first two quarters before forecast of warm weather and demonetization bit in. Availability of alternate garments such as low priced jackets is also a factor for lower demand for AF. Imports of low priced AF from various countries also intensified putting pressure on local pricing.

AF is a petrochemical product and is a crude oil derivative. Over the last few years, more and more capacities of producing Propylene, a main raw material for Acrylonitrile, from non-traditional routes are getting commissioned. Developments in Shale gas production in USA, using Coal as starting point instead of Crude Oil etc are increasing supply of competitively priced Propylene. This is an encouraging development as Acrylonitrile plants are no longer dependent upon a single route for their raw material. Planned additions to Acrylonitrile capacities are also likely to keep market in balance.

B. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

● PRODUCTION & SALES REVIEW:

During the year under review, your Company has registered Revenue from Operations of ₹ 36,842.96 Lakhs as compared to ₹ 44,759.18 Lakhs in the previous year. The production of the Company decreased from 20,680 MT to 19,743 MT during the year 2016-17 showing an decrease of 4.53%.

- **PROFITABILITY:**

The Company earned profit before depreciation, interest and tax of ₹ 6,211.08 Lakhs as against ₹ 6,619.22 Lakhs in the previous year. After providing for depreciation of ₹ 460.62 Lakhs (Previous Year ₹ 441.62 Lakhs), interest of ₹ 36.13 Lakhs (Previous Year ₹ 24.46 Lakhs), provision for current tax ₹ 1,632.29 Lakhs (Previous Year ₹ 1,498.09 Lakhs), deferred tax ₹ - 28.48 Lakhs (Previous Year ₹ 578.50 Lakhs), the net profit from operations worked out to ₹ 4,110.52 Lakhs as compared to ₹ 4,076.56 Lakhs in the previous year.

- **RESOURCES UTILISATION:**

- a) **Fixed Assets:**

The Net Block as at 31st March, 2017 was ₹ 5,768.76 Lakhs as compared to ₹ 6,120.31 Lakhs in the previous year. Under Ind AS, land on lease is considered as operating lease. Therefore, net block of leasehold land as on 31st March 2017 and as on 31st March 2016 has been re-classified under the head "Other non-current assets" and "Other current assets" as 'Prepayments of leasehold land' and excluded from Gross Fixed Assets.

- b) **Current Assets:**

The current assets as on 31st March, 2017 were ₹ 34,173.39 Lakhs as against ₹ 21,495.50 Lakhs in the previous year. Inventory level was at ₹ 7,943.79 Lakhs as compared to the previous year level of ₹ 5,248.62 Lakhs.

- **FINANCIAL CONDITIONS & LIQUIDITY:**

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

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

	(₹ in Lakhs)	
PARTICULARS	2016-17	2015-16
Cash and Cash equivalents:		
Beginning of the year	100.57	279.37
End of the year	917.60	100.57
Net cash provided (used) by:		
Operating Activities	4,184.29	2,318.72
Investing Activities	2,962.72	4,307.28
Financial Activities	(6,329.98)	(6,804.79)

- C. **BUSINESS OUTLOOK:**

RBI has forecasted a growth of 7.1% for Indian economy in 2017-18. World Bank and IMF forecast 7.2% against 3.4% for world and 6.5% for China in 2017. Consumer Price Inflation is below 4% but slow pace of industrial growth, especially manufacturing sector is a concern. Protectionist policies as recently announced by few countries like USA, Australia etc and slowdown in investment in Middle east countries can have a short term impact on job growth in India. Low inflation and steadiness of economy might prompt RBI to further reduce benchmark lending rates or provide other impetus to industry. Expectation of good monsoon is also likely to lead to increased rural income and spending and improved business sentiment in India.

Crude oil prices are now largely propped up due to a production-cut agreement amongst OPEC countries and Russia. The agreement is fluid but is holding on as of now. Any geo-political tension or sudden development can disturb global commodities and crude oil markets. This can cause turbulence in downstream AF market.

Raw material availability especially of Acrylonitrile is expected to be normal in FY 2017-18 especially second quarter onwards. Stable crude oil prices and availability of Propylene from on-purpose routes are expected to keep Acrylonitrile price bit soft and stable for next few quarters, which is seen as positive for a seasonal product like AF.

We expect GST to give big boost to the entire AF chain upto the woollen garment buyer. The chain is currently distorted due to exemptions and also duty structure. GST is likely to bring in competitiveness which will finally lead to lower costs and higher demand. This may, however, not happen immediately and results might be seen over one or two seasons.

With stable economic outlook and forecast of normal monsoon, demand for AF in FY 2017-18 is expected to be better than in 2016-17. However, due to slack demand globally, cheap imports continue to be a concern despite imposition of anti-dumping duty on some imports. Indian AF industry has already taken up the matter in respect of few other countries including China with Government of India.

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

As discussed above, major risk and concern for AF industry in India are related to weather and fashion. Economic parameters like inflation, monsoon etc is in favour of higher AF consumption. Spike in crude oil prices can also disturb AF consumption as it may lead to large cost increase and make substitutes attractive. However, given the current position of major crude oil producing countries and shale oil economics, odds are not in favour of major increase in crude oil prices.

Appreciation of Indian Rupee has made AF cheaper but it's depreciation can work against demand growth in AF. Further, as already mentioned, continued imports of low priced AF continues to pose challenge to Indian AF producers.

Any further increase in difference of prices of competing fibers such as polyester w.r.t AF can cause anxiety to AF producers. Both are crude oil derivatives but follow different demand patterns.

Severity and timely start of winter is very important for demand of woollens. As of now, no reliable forecasts are available about winter of 2017-18. Risk associated with mild winters cannot be ignored, as seen in previous year.

3. DIVIDEND:

The Board of Directors in its meeting held on 3rd May, 2017 has recommended dividend of ₹ 1.50/- per share on the fully paid up Equity Shares of the Company.

4. CONSOLIDATED FINANCIAL STATEMENT:

As your Company does not have any subsidiary, associate or joint venture company, the provisions of which 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, 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.

Independent Directors: Mr. M.C. Gupta, Mr. S.P. Singh, Mr. S.K. Bansal and Ms. Geeta Mathur, Independent Directors of the Company, were appointed as Independent Directors of the Company by the members in 24th Annual General Meeting held on 25th September, 2014 for a term of consecutive three years starting from the date of 24th Annual General Meeting till the conclusion of 27th Annual General Meeting. Since their term expires at the ensuing Annual General Meeting, the Board of Directors in its meeting held on 3rd May, 2017 proposed re-appointment for the consideration of the members of the Company. However, on account of pre-occupation & personal commitments, Ms. Geeta Mathur expressed her unwillingness for continuation of Directorship after conclusion of the existing term. Therefore, the Board of Directors in that meeting had recommended re-appointment of Mr. M.C. Gupta, Mr. S.P. Singh, Mr. S.K. Bansal at the

ensuing Annual General Meeting for a term of five (5) consecutive years starting from the date of 27th Annual General Meeting to the conclusion of 32nd Annual General Meeting of the Company.

Declaration under Section 149(6):

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

Company's Policy relating to Director's 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 includes the criteria for determining qualifications, positive attributes, independence of a director and other matters as provided under Section 178(3) of the Companies Act, 2013.

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

Familiarization Programmes for Board Members:

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

The Familiarization Programme for Board members may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/VAL_Familisation%20program.pdf

Annual Evaluation of the Board Performance:

The Meeting of Independent Directors of the Company for the Calendar Year 2016 was held on 22nd October, 2016 to evaluate the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

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

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, 2017:

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

8. NUMBER OF BOARD MEETINGS:

During the year under review, the Board met Four (4) times and the intervening gap between any two meetings was within the period prescribed under 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. S.S. Kothari Mehta & Company, the existing Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the Financial year ended 31st March, 2017. This Auditors' Report is self-explanatory and requires no comments.

Further, pursuant to Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the Statutory Auditors on completion of the maximum term permitted under the said section. The Audit Committee of the Company has proposed and on 5th August, 2017, the Board of Directors of the Company has recommended the appointment of M/s. S.C. Vasudeva & Company, Chartered Accountants, New Delhi (Firm registration No. 000235N) as the Statutory Auditors of the Company. M/s. S.C. Vasudeva & Company, Chartered Accountants, will hold office for a period of 5 consecutive years from the conclusion of 27th Annual General Meeting scheduled to be held on 22nd September, 2017, till the conclusion of 32nd Annual General Meeting, subject to the approval of the shareholders of the Company.

Secretarial Auditor:

Mr. Ashok K Singla, Company Secretary in Practice, was appointed as Secretarial Auditors of the Company by the Board of Directors of the Company in its meeting held on 30th April, 2016 for the Financial Year 2016-17.

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, 2017. This Report is self-explanatory and requires no comments. The Report forms part of this report as **Annexure II**.

Cost Auditor:

The Board of Directors has appointed Mr. R.A. Mehta, Practicing Cost Auditor, as Cost Auditor of the Company to conduct Cost Audit of the Accounts for the Financial Year ended 31st March, 2018. 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, Practicing Cost Auditor, for Financial Year 2017-18 is placed for ratification by the members.

The Cost Auditor's Report for the Financial Year 2017-18 will be forwarded to the Central Government as required under law.

10. AUDIT COMMITTEE & VIGIL MECHANISM:

Composition of Audit Committee:

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

Vigil Mechanism:

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

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

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

11. CORPORATE GOVERNANCE:

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

12. 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 recently overhauled Companies Act. The Company's vision on CSR is that the Company being a responsible Corporate Citizen would continue to make a serious endeavour 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.

The Company has identified following focus areas for CSR:-

- ✓ **Promoting Education:** Promoting education by setting up schools, colleges etc. in order to deliver high quality education besides augmenting infrastructure of existing educational institutions. This may include initiatives like grant of scholarships to poor & meritorious students in our schools & colleges.
- ✓ **Environment Protection and energy conservation:** Activities to protect environment and to sustain and continuously improve standards of Environment, Health and Safety through the collective endeavour of Company and its employees at all levels towards attaining world class standards. Also to contribute in conservation and development of natural resources including forest resources
- ✓ **Human capital development:** To encourage the development of human capital through skills development, vocational training programmes.
- ✓ **Rural development:** To contribute to development in rural areas nearby unit of the Company and knowledge sharing and other social practices such as soil and moisture conservation and watershed management etc.
- ✓ **Other Initiatives:**
 - To contribute to empowering women economically, supplementing primary and secondary education and participating in rural capacity building programmes and such other schemes.
 - To respond to emergency situations & disasters by providing timely help to affected victims and their families.
 - Any other project/programme pertaining to activities listed in Companies (Corporate Social Responsibility) Rules, 2014.

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 ₹ 51.43 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 is annexed hereto and forms part of this report as **Annexure III**.

13. 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

14. 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 B.

15. 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

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

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

17. 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**.

18. ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 92, 134 and Rule 12 of the Companies (Management and administration) Rules, 2014 for the Financial Year 2016-17 in Form No. MGT-9 is annexed hereto and forms part of this report as **Annexure V**.

19. 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 endeavouring to build high performance culture on one hand and amiable work environment on the other hand. During the year, the Company employed around 322 employees on permanent rolls.

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

20. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

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

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

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

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

21. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS 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 this financial statements relate on the date of this report.

22. 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, 2017 and of the profit of the Company for the year ended on 31st March, 2017;
- 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. A proper system has been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

23. 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. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. No unclaimed/ unpaid Dividend to Investor Education and Protection Fund.

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

◆ BUY-BACK OF SECURITIES:

The Board of Directors of the Company in its meeting held on 22nd October, 2016 approved the buyback of 1,38,00,000 fully paid up equity shares of ₹ 10/- each, at a price of ₹ 50/- payable in cash, through the Tender

offer route, upto an aggregate amount not exceeding ₹ 69 crores. During the year, the Company had bought back and extinguished 12,644,090 Equity shares of ₹ 10/- each at a price of ₹ 50/- per share. The paid up capital of the Company post buyback is ₹ 80,36,37,460.

24. ACKNOWLEDGEMENT:

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

look forward to their continued support and co-operation in future too.

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

FOR AND ON BEHALF OF THE BOARD

Place : Ludhiana
Dated : August 05, 2017

Sd/-
(S.P. Oswal)
Chairman

INDEX OF ANNEXURES (FORMING PART OF BOARD REPORT)

Annexure No.	Particulars
I	Nomination & Remuneration Policy approved by the Board.
II	Secretarial Audit Report in Form No. MR-3 for FY 2016-17.
III	CSR Activities – Annual Report FY 2016-17.
IV	Conservation of energy, technology absorption, foreign exchange earnings and outgo.
V	Extract of Annual Return - MGT 9.
VI	Particulars of employees and related disclosures.

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

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

1. PREFACE:

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

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

The amended policy is as under:-

2. ROLE OF THE COMMITTEE:

- a) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to Board their appointment and removal.
- b) To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- c) To recommend to the Board, remuneration policy related to remuneration of Directors (whole time Directors, Executive Directors etc), Key Managerial Personnel and other employees while ensuring the following:-
 - 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.

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

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

To,
The Members,
Vardhman Acrylics Limited,

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

Based on my/our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the Financial Year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I/we have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange upto the date of its applicability and the SEBI (Listing obligations and Disclosure Requirements) Regulations 2015;

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

I/we further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

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

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

**Sd/-
Ashok Singla
Proprietor**

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

Date: 29th April, 2017

Place: Ludhiana

Annexure-A

To
The Members
Vardhman Acrylics Limited,

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

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

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

**Sd/-
Ashok Singla
Proprietor**

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

Date: 29th April, 2017

Place: Ludhiana

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2016-17

Sr. No.	Particulars	Details
1.	Brief outline of CSR Policy	<p>Broad contours of CSR Policy of the Company:</p> <ol style="list-style-type: none"> 1. Promotion of Education. 2. Rural Development. 3. Human Capital Development. 4. Environment protection & Energy Conservation. 5. Contribution in empowering women economically. 6. Supplementing primary and secondary education and participating in rural capacity building programmes. 7. To respond to emergency situations & disasters by providing timely help to affected victims and their families. 8. Any other project/programme pertaining to activities listed in Companies (Corporate Social Responsibility) Rules, 2014.
2.	Composition of CSR Committee	<p>The CSR Committee of the Company consists of:</p> <ol style="list-style-type: none"> i. Mr. Sachit Jain- Chairman ii. Mr. B.K. Choudhary- Member iii. Mr. M.C. Gupta- Member
3.	Average net profit of the Company for last three financial years	₹ 48.56 crores
4.	Prescribed CSR Expenditure	₹ 0.97 crore
5.	<p>Details of CSR spent during the year:</p> <p>Total amount spent for the financial year</p> <p>Amount unspent, if any</p> <p>Manner in which the amount spent during the financial year</p>	<p>₹ 0.51 crore</p> <p>₹ 0.46 crore</p> <p>ANNEXURE-A</p>
6.	In case the Company has failed to spend two percent, reason thereof.	<p>The total Projects taken up by the Company had a total cost of approximate ₹ 0.70 crores out of which the Company has spent ₹ 0.51 crores in the Financial Year 2016-17 as per details given in Annexure-A. The balance expenditure and pending CSR proposals, if any, are expected to be taken up in the coming year.</p>
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company	ANNEXURE-B

ANNEXURE-A

Manner in which the amount spent during the Financial Year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (In ₹)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: (In ₹)	Cumulative expenditure up to the reporting period. (In ₹)	Amount spent: Direct or through implementing agency
1.	New constructions for Anganwadi	Education	Talodara Village	170,000	162,174	162,174	Direct
2.	New constructions of Computer Room in Primary School	Education	Dadheda Village	616,000	653,150	653,150	Direct
3.	New constructions of Class Room in Secondary School	Education	Talodara Village	1,358,000	1,351,136	1,351,136	Direct
4.	New constructions of Computer Room in Primary School	Education	Talodara Village	1,367,000	1,223,631	1,223,631	Direct
5.	New constructions for Anganwadi	Education	Sardarpura Village	791,000	873,273	873,273	Direct
6.	Installation of water pump in Anganwadi	Education	Talodara Village	4,000	3,000	3,000	Direct
7.	Construction of toilets in coordination with Jhagadia Industrial Association in surrounding villages of GIDC	Charity & Donation	Surrounding village of GIDC, Jhagadia	800,000	800,000	800,000	Through Sri Aurobindo Trust Socio economics & management research institute
8.	Culture Promotion Activity in Navratri Mohatsava	Rural Development	Talodara Village	25,000	25,000	25,000	Direct
9.	Gift distribution to the school children on Republic Day 2017	Rural Development	Talodara, Dadheda, Vakhatpura Village	25,000	25,988	25,988	Direct
10.	Gift distribution to the school children on Independence Day 2016	Rural Development	Talodara, Dadheda, Vakhatpura Village	25,000	25,799	25,799	Direct

ANNEXURE-B

RESPONSIBILITY STATEMENT

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

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

Sd/-
(Sachit Jain)
Chairman of CSR Committee

Date: May 03, 2017
Place: Gurugram

ANNEXURE-IV

INFORMATION AS PER SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF COMPANIES (ACCOUNTS) RULES, 2014 FOR THE YEAR ENDED 31ST MARCH, 2017.

A. CONSERVATION OF ENERGY:

i. Steps taken for conservation of energy:

1. Provision of Variable Frequency Drives (12 Nos) in different pumps' motors.
2. Replacement of old cooling tower pumps (11 Nos) by higher efficiency pumps.
3. Use of Boiler Feed Water heater to preheat boiler feed water.
4. Use of LED tube lights in place of conventional ones. Rightsizing of Raw water pump discharge line.
5. Gravity flow method used for Cooling Tower blow down instead of pumping.
6. Hot stretch and 3rd wash exhaust fan optimization.
7. Increase in steamer cycle output.

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 2016-17:- Efforts are continuing to identify viable opportunities of using alternate sources of energy.

iii. Expenses incurred on energy conservation equipment:

The Company has incurred ₹36.63 Lakhs on different energy & utilities saving projects.

B. TECHNOLOGY ABSORPTION

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

- Improvement in finer denier fiber productivity by using high productivity spinnerets.
- Improvement in coarser denier fiber productivity by optimizing process parameters & operational practices.
- Development of new spin finish for worsted sector to enhance product performance at customer end.
- Substitution of imported consumables and spares components by indigenous sources.

Benefits derived as a result of the above efforts:

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

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

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

iii. The expenditure incurred on Research and Development (R&D): The R&D efforts in the Company are being made with the help of technical institutions such as IIT, Delhi on productivity, quality improvement & higher efficiencies.

- a) Specific areas in which R&D is carried out by the Company:
 - Product quality improvement through optimizing process parameters & conditions
 - Development of 1.2D staple fiber
 - Effect of different oils on shade variation of acrylic fiber
 - Waste water recycling and reuse in process.
- b) Benefits derived as a result of the above R&D:
 - Product quality Improvement
 - Wider product basket
 - Cost savings
 - Sustainability enhancement via water recycling
- c) Future plan of action:
 - Better purification of solvent (PRS) with additional unit operations and process optimization.
 - Increasing productivities of finer Denier staple fibres & tow products.
 - Indigenization of imported consumables and spares.
- d) Expenditure on R&D:

(₹ In Lakhs)

Particulars	2016-17	2015-16
Non –Recurring	-	-
Percentage of turnover	-	-

C. FOREIGN EXCHANGE EARNING AND OUTGO:-

(₹ In Lakhs)

Particulars	2016-17	2015-16
Foreign Exchange earned (FOB)	NIL	NIL
Foreign Exchange used (on accrual basis)	21,276.37	24,802.16

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on 31st March 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L51491PB1990PLC019212
ii)	Registration Date	24 th December 1990
iii)	Name of the Company	VARDHMAN ACRYLICS LIMITED
iv)	Category / Sub-Category of the Company	Company limited by shares
v)	Address of the Registered office and contact details	Vardhman Premises, Chandigarh Road, Ludhiana - 141010
vi)	Whether listed company	Yes (NSE)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any.	M/s. MCS Share Transfer Agent Limited CIN: U67120WB2011PLC165872 ADDRESS: 12/1/5, Manoharpukur Road Ground Floor, Kolkata 700026 PHONE NOs: 033-40724051/55 FAX NO.: 033-40724050 Email id: subodh@mcsregistrars.com, subodh.mcssta@gmail.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company, given below:-

Sl. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacture of man-made fibres.	2030	93.76%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN/GLN	Holding /Subsidiary / Associate Company	% of shares held	Applicable Section
1	Vardhman Textiles Limited, Vardhman Premises, Chandigarh Road, Ludhiana -141010	L17111PB1973 PLC003345	Holding Company	70.74%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	30	0	30	0.00	30	0	30	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s).	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	69,577,577	0	69,577,577	74.81	60,249,130	0	60,249,130	74.97	0.16
e) Banks/Fis	0	0	0	0.00	0	0	0	0.00	0.00
f) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	69,577,607	0	69,577,607	74.81	60,249,160	0	60,249,160	74.97	0.16
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/Fis	0	0	0	0.00	0	0	0	0.00	0.00
e) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoters (A)= (A)(1)+(A)(2)	69,577,607	0	69,577,607	74.81	60,249,160	0	60,249,160	74.97	0.16
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	21,373	0	21,373	0.03	0.03
b) Banks/Fis	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt (s).	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Portfolio Investors	1,021,247	0	1,021,247	1.10	60,627	0	60,627	0.08	-1.02
j) Foreign Institutional Investors	0	0	0	0.00	4,770	0	4,770	0.01	0.01
k) Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(1):-	1,021,247	0	1,021,247	1.10	86,770	0	86,770	0.11	-0.99
2. Non Institutions									
a) Bodies Corporate									
i) Indian	4,046,234	0	4,046,234	4.35	3,651,716	0	3,651,716	4.54	0.19
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 2 lakh.	11,451,695	11,910	11,463,605	12.33	10,754,632	11,910	10,766,542	13.40	1.07
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh.	6,709,476	0	6,709,476	7.21	5,300,775	0	5,300,775	6.60	-0.61
c) Any Other (specify)									
i) Non-Resident Indians	134,657	0	134,657	0.14	253,773	0	253,773	0.32	0.18
ii) Trusts & Foundations	55,000	10	55,010	0.06	55,000	10	55,010	0.07	0.01
Sub-Total (B)(2)	22,397,062	11,920	22,408,982	24.09	20,015,896	11,920	20,027,816	24.92	0.83
Total Public Shareholding (B)= (B)(1)+(B)(2)	23,418,309	11,920	23,430,229	25.19	20,102,666	11,920	20,114,586	25.03	-0.16
C) Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	92,995,916	11,920	93,007,836	100.00	80,351,826	11,920	80,363,746	100.00	0.00

ii) Shareholding of Promoters

Name of Shareholders	Shareholding at the beginning of the Year (01.04.2016)				Shareholding at the end of the Year (31.03.2017)		% Change in Shareholding during the year
	No. of Shares	% of total Shares of the Company	% of Shares pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares pledged / encumbered to total Shares	
VARDHMAN TEXTILES LIMITED**	65,800,834	70.75	0	56,851,144	70.74	0	-0.01
VARDHMAN HOLDINGS LIMITED**	815,561	0.88	0	733,762	0.91	0	0.03
SYRACUSE INVESTMENT AND TRADING CO (PVT) LTD*	790,886	0.85	0	0	0.00	0	-0.85
MARSHALL INVESTMENT AND TRADING COMPANY PRIVATE LIMITED*	839,530	0.90	0	0	0.00	0	-0.90
ANKLESH INVESTMENTS PRIVATE LIMITED*	587,639	0.63	0	0	0.00	0	-0.63
SANTON FINANCE & INVESTMENT COMPANY LIMITED	100	0.00	0	100	0.00	0	0.00
SRESTHA HOLDINGS LIMITED*	100	0.00	0	0	0.00	0	0.00
**DEVIKAR INVESTMENT & TRADING CO. (P) LTD.*	100	0.00	0	2,593,484	3.23	0	-3.23
PLAZA TRADING CO PRIVATE LIMITED*	100	0.00	0	0	0.00	0	0.00
MAHAVIR SPINNING MILLS PRIVATE LIMITED	100	0.00	0	100	0.00	0	0.00
PRADEEP MERCANTILE COMPANY PRIVATE LIMITED*	664,247	0.71	0	0	0.00	0	-0.71
FLAMINGO FINANCE & INVESTMENT COMPANY LIMITED	100	0.00	0	100	0.00	0	0.00
RAMANIYA FINANCE & INVESTMENT COMPANY LIMITED	100	0.00	0	100	0.00	0	0.00
ADISHWAR ENTERPRISES LLP	10	0.00	0	10	0.00	0	0.00
SHRI PAUL OSWAL	10	0.00	0	10	0.00	0	0.00
SHAKUN OSWAL	10	0.00	0	10	0.00	0	0.00
SACHIT JAIN	10	0.00	0	10	0.00	0	0.00
VTL INVESTMENTS LIMITED**	78,170	0.08	0	70,330	0.09	0	0.01
TOTAL	69,577,607	74.81	0	60,249,160	74.97	0	0.16

* Hon'ble Punjab & Haryana High Court, Chandigarh, vide its order no. 229 of 2015 (O & M) dated 1st August, 2016 had sanctioned the scheme of amalgamation of Anklesh Investments Private Limited, Marshall Investment and Trading Company Private Limited, Plaza Trading Company Private Limited, Pradeep Mercantile Company Private Limited, Srestha Holdings Private Limited and Syracuse Investment and Trading Company Private Limited with Devakar Investment and Trading Company Private Limited.

** During the Year under review, these promoters tendered their proportionate shareholding towards the buy-back offer of the Company. The Company bought back 9,039,329 equity shares (out of total 12,644,090 shares bought back) of ₹ 10/- each fully paid-up, from its promoter category through tender offer route at a price of ₹ 50/- per equity share.

(iii) Change of Promoters' Shareholding (Please specify, if there is no change)- There were following changes in Promoter's Shareholding during FY 2016-17.

S. No	Name of Promoter	Shareholding		Date	Increase/decrease in Shareholding	Reason of Change	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of Shares at the beginning (01.04.16)/ end of the year (31.03.17)	% of total Shares of the Company				No. of Shares at beginning/ end of year	% of total Shares of the Company
1	Vardhman Textiles Limited	65,800,834	70.75	01.04.2016				
				14.03.2017	-8,949,690	Tendered & Extinguished pursuant to Buy-back offer 2016	56,851,144	70.74
		56,851,144	70.74	31.03.2017			56,851,144	70.74
2	Vardhman Holdings Limited	815,561	0.88	01.04.2016				
				14.03.2017	-81,799	Tendered & Extinguished pursuant to Buy-back offer 2016	733,762	0.91
		733,762	0.91	31.03.2017			733,762	0.91
3	VTL Investments Ltd.	78,170	0.08	01.04.2016				
				14.03.2017	-7,840	Tendered & Extinguished pursuant to Buy-back offer 2016	70,330	0.09
		70,330	0.09	31.03.2017			70,330	0.09
4	Devakar Investment & Trading Company Private Limited	100	0	01.04.2016				
				19.10.2016	2,882,502	Amalgamation	2,882,602	3.10
				14.03.2017	-289,118	Tendered & Extinguished pursuant to Buy-back offer 2016	2,593,484	3.23
	2,593,484	3.23	31.03.2017			2,593,484	3.23	
5	Anklesh Investments Private Limited	587,639	0.63	01.04.2016				
				19.10.2016	-587,639	Amalgamation	0	0.00
		0	0.00	31.03.2017			0	0.00
6	Marshall Investment and Trading Company Private Limited	839,530	0.90	01.04.2016				
				19.10.2016	-839,530	Amalgamation	0	0.00
		0	0.00	31.03.2017			0	0.00
7	Plaza Trading Company Private Limited	100	0.00	01.04.2016				
				19.10.2016	-100	Amalgamation	0	0.00
		0	0.00	31.03.2017			0	0.00
8	Pradeep Mercantile Company Private Limited	664,247	0.71	01.04.2016				
				19.10.2016	-664,247	Amalgamation	0	0.00
		0	0.00	31.03.2017			0	0.00
9	Srestha Holdings Limited	100	0.00	01.04.2016				
				19.10.2016	-100	Amalgamation	0	0.00
		0	0.00	31.03.2017			0	0.00
10	Syracuse Investment & Trading Company Private Limited	790,886	0.85	01.04.2016				
				19.10.2016	-790,886	Amalgamation	0	0.00
		0	0.00	31.03.2017			0	0.00

Note-

- During the year under review, the Company bought back 9,039,329 equity shares (out of total 12,644,090 shares bought back) of ₹ 10/- each fully paid-up, from its promoter category through tender offer route at a price of ₹ 50/- per equity share.
- Hon'ble Punjab & Haryana High Court, Chandigarh, vide its order no. 229 of 2015 (O & M) dated 1st August, 2016 had sanctioned the scheme of amalgamation of Anklesh Investments Private Limited, Marshall Investment and Trading Company Private Limited, Plaza Trading Company Private Limited, Pradeep Mercantile Company Private Limited, Srestha Holdings Private Limited and Syracuse Investment and Trading Company Private Limited with Devakar Investment and Trading Company Private Limited.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name	Shareholding		Date	Increase/decrease in shareholding	Reason of Change	Cumulative shareholding during the year	
		No. of share at the beginning/end of year	% of total shares of the Company				No. of share at the beginning/end of year	% of total shares of the Company
1	NAHAR CAPITAL AND FINANCIAL SERVICES LTD	917,855	0.99	1-Apr-16				
		917,855	1.14	31-Mar-17	0	NIL Movement during year	917,855	1.14
2	OLESEN VALUE FUND LP *	549,000	0.59	1-Apr-16				
		0	0.00	17-Feb-17 31-Mar-17	-549000	Sale	0	0.00
3	RATHI TECHSERVICES PRIVATE LIMITED	500,000	0.54	1-Apr-16				
		500,000	0.62	31-Mar-17	0	NIL Movement during year	500,000	0.62
4	SWISS FINANCE CORPORATION (MAURITIUS) LIMITED *	472,247	0.51	1-Apr-16				
		0	0.00	30-Sep-16 9-Dec-16 31-Mar-17	15,000 -487,247	Purchase Sale	487,247 0	0.52 0.00
5	ANIL BANSILAL LODHA *	401,707	0.43	1-Apr-16				
		5,046	0.01	15-Apr-16 13-May-16 3-Jun-16 29-Jul-16 29-Aug-16 14-Oct-16 28-Oct-16 11-Nov-16 31-Mar-17	2,200 -34,990 -234,189 -14,553 -20,175 -22,564 -63,690 -8,700	Purchase Sale Sale Sale Sale Sale Sale Sale	403,907 368,917 134,728 120,175 100,000 77,436 13,746 5,046	0.43 0.40 0.14 0.13 0.11 0.08 0.01 0.01
6	RAJEEV MANILAL SANGOI	298,643	0.32	1-Apr-16				
		298,643	0.37	31-Mar-17	0	NIL Movement during year	298,643	0.37
7	MAZBEEN I CONTRACTOR	280,006	0.30	1-Apr-16				
		240,006	0.30	3-Mar-17 31-Mar-17	-40,000	Sale	240,006	0.26
8	OSWAL WOOLEN MILLS LTD.	255,500	0.27	1-Apr-16				
		255,500	0.32	31-Mar-17	0	NIL Movement during year	255,500	0.32
9	NARINDER BAJAJ *	239,037	0.26	1-Apr-16				
		0	0.00	29-Apr-16 13-May-16 16-Sep-16 30-Sep-16 28-Oct-16 18-Nov-16 31-Mar-17	41,212 3,000 49,751 12,000 -35,000 -310,000	Purchase Purchase Purchase Purchase Sale Sale	280,249 283,249 333,000 345,000 310,000 0	0.30 0.30 0.36 0.37 0.33 0.00
10	RAJIV GARG *	232,500	0.25	1-Apr-16				
		20,000	0.02	29-Apr-16 14-Oct-16 28-Oct-16 17-Mar-17 31-Mar-17	2,500 -2,000 -58,000 -166,674 11,674	Purchase Sale Sale Sale Purchase	235,000 233,000 175,000 8,326 20,000	0.25 0.25 0.19 0.01 0.02
11	SATYA PAL GARG **	213,373	0.23	1-Apr-16				
		213,373	0.27	31-Mar-17	0	NIL Movement during year	213,373	0.27
12	MANISH SITARAM LUHARUKA **	150,000	0.16	1-Apr-16				
		150,000	0.19	31-Mar-17	0	NIL Movement during year	150,000	0.19

Sr. No.	Name	Shareholding		Date	Increase/decrease in shareholding	Reason of Change	Cumulative shareholding during the year	
		No. of share at the beginning/end of year	% of total shares of the Company				No. of share at the beginning/end of year	% of total shares of the Company
13	SANDEEP RAVINDRA SHAH **	150,000	0.16	1-Apr-16				
		150,000	0.19	31-Mar-17	0	NIL Movement during year	150,000	0.19
14	AMBIT CAPITAL PRIVATE LIMITED **	0	0.00	1-Apr-16				
				18-Nov-16	310,000	Purchase	310,000	0.33
				25-Nov-16	-9,080	Sale	300,920	0.32
				16-Dec-16	-4,387	Sale	296,533	0.32
				30-Dec-16	-7,319	Sale	289,214	0.31
				13-Jan-17	-3,100	Sale	286,114	0.31
				27-Jan-17	-36,900	Sale	249,214	0.27
				3-Feb-17	9,245	Purchase	258,459	0.28
				3-Mar-17	-20,000	Sale	238,459	0.26
				17-Mar-17	-3,130	Sale	235,329	0.25
				23-Mar-17	-10,000	Sale	225,329	0.24
		225,329	0.28	31-Mar-17				
15	SATYA PAL GARG (HUF) **	151,300	0.16	1-Apr-16				
		151,300	0.19	31-Mar-17	0	NIL Movement during year	151,300	0.19

* Ceased to be in TOP 10 list as on 31.03.2017. The same is reflected above since the shareholder was one of TOP 10 shaeholders as on 01.04.2016.

** Not in TOP 10 shareholders as on 01.04.2016. The same is reflected above since the shareholder was one of TOP 10 shareholder as on 31.03.2017.

Note - The Paid up Capital prior to Buy-back was 93,007,846 equity shares. The Post Buy-back Share Capital as on 14.03.2017 is 80,363,746 equity shares. Therefore, the percentage of total shares of company is calculated accordingly after 14.03.2017.

(v) Shareholding of Directors and Key Managerial Personnel:

Particulars (For each of the Directors and KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the Year (01.04.15)				
B.K. Choudhary (MD)	0	0	0	0
Vivek Gupta (CFO)	0	0	0	0
Ruchita Vij (CS)	0	0	0	0
S.P .Oswal	10	0	10	10
Sachit Jain	10	0	20	0
D.L. Sharma	0	0	20	0
M.C. Gupta	20,000	0	20,020	0
S.P. Singh	0	0	20,020	0
S.K. Bansal	0	0	20,020	0
Geeta Mathur	0	0	20,020	0
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer / bonus/ sweat equity etc.)	NIL Movement during year	0	NIL Movement during year	0
At the end of the year (31.03.2017)	same as above (No change in holding)	0	same as above (No change in holding)	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Indebtedness at the beginning of the Financial Year (01.04.2016)	Secured Loans excluding deposits*	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	7,346,410.88	-	-	7,346,410.88
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	7,346,410.88
Change in Indebtedness during the financial year				
* Addition	1,483,732.24	-	-	1,483,732.24
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	8,830,143.12	-	-	8,830,143.12
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	8,830,143.12

* Cash Credit Bank Accounts

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/Manager B.K. Choudhary (MD)	Total
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	48.12 3.32 -	48.12 3.32 -
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify	25.80 -	25.80 0
5	Others, please specify	-	0
	Total (A)		77.24
	Ceiling as per the Act (5%)		242.80

B. Remuneration to other directors:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		M.C. Gupta	S.P. Singh	S.K. Bansal	Geeta Mathur	
1.	Independent Directors					
	Fee for attending board/committee meetings	2.60	2.00	1.20	1.15	6.95
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	0	0
	Total (1)	2.60	2.00	1.20	1.15	6.95
2.	Other Non-Executive Directors					
	Fee for attending board/committee meetings	0	0	0	0	0
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	0	0
	Total (2)	0	0	0	0	0
	Total (B)=(1+2)	2.60	2.00	1.20	1.15	6.95
	Total Managerial Remuneration					84.19
	Overall Ceiling as per the Act (11%)					534.17

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
		N.A	Ruchita Vij	Vivek Gupta	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		5.21	29.87	35.08
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0	0	0
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961		0	0	0
2	Stock Option		0	0	0
3	Sweat Equity		0	0	0
4	Commission				
	- as % of profit		0	0	0
	- others, specify		0	0	0
5	Others, please specify		0	0	0
	Total		5.21	29.87	35.08

VII Penalties/Punishment/Compounding of offences: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY	Penalty	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil
B. DIRECTORS	Penalty	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT	Penalty	Nil	Nil	Nil	Nil
	Punishment	Nil	Nil	Nil	Nil
	Compounding	Nil	Nil	Nil	Nil

ANNEXURE-VI

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 2016-17 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016-17 are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2016-17 (₹ In Lakhs)	% increase in Remuneration in the Financial Year 2016-17	Ratio of remuneration of each Director to median remuneration of employees
1	B.K. Choudhary, Managing Director	77.24	20.52	40.87
2.	M.C. Gupta	2.60	-8.77	1.38
3.	S.P. Singh	2.00	-11.11	1.06
4.	S.K. Bansal	1.20	60.00	0.63
5.	Geeta Mathur	1.15	-37.84	0.61
6.	Vivek Gupta, Chief Financial Officer	29.87	7.25	N.A
7.	Ruchita Vij, Company Secretary	5.21	13.76	N.A

2. The median remuneration of employees of the Company during the Financial Year was ₹ 1.89 Lakhs (previous year ₹ 1.65 Lakhs)
3. In the Financial Year, there was an increase of 14.55% in the median remuneration of employees.
4. There were 322 permanent employees on the rolls of the Company as on 31st March, 2017.
5. Average percentage increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2016-17 was 9.82%.
6. It is hereby affirmed that the remuneration paid is as per the as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

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

Sr. No.	Name of Director	Name of Holding Company	Amount (₹ in Lakhs)
1	B.K Choudhary	Vardhman Textiles Limited	47.28

CORPORATE GOVERNANCE REPORT

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

1. VARDHMAN GROUP'S PHILOSOPHY:

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

2. BOARD OF DIRECTORS/ BOARD MEETINGS:

i. Composition as on 31st March, 2017:

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

Category	Name of Directors
Promoter Directors	# Shri Paul Oswal - Chairman # Sachit Jain - Non-Executive Non-Independent Director
Executive Director	Bal Krishan Choudhary - Managing Director
Independent Directors	Munish Chandra Gupta Sanjit Paul Singh Geeta Mathur Surinder Kumar Bansal
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 2016-17, the Board met 4 times on the following dates:

- 30th April, 2016
- 20th August, 2016
- 22nd October, 2016
- 28th January, 2017

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

Name of Director	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in other Companies	No. of Committee memberships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanship in other Companies
Shri Paul Oswal	4	Yes	7	Nil	3	Nil
Sachit Jain	2	Yes	6	2	Nil	1
Darshan Lal Sharma	1	Yes	8	3	Nil	Nil
Munish Chandra Gupta	4	No	2	1	Nil	Nil
Sanjit Paul Singh	4	Yes	Nil	Nil	Nil	Nil
Surinder Kumar Bansal	4	No	1	2	Nil	2
Geeta Mathur	3	No	9	9	Nil	4
Bal Krishan Choudhary	4	No	2	1	Nil	Nil

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

3. BOARD COMMITTEES:

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

NAME OF COMMITTEE	COMPOSITION	TERMS OF REFERENCE
Audit Committee	Sanjit Paul Singh (Chairman) Munish Chandra Gupta Darshan Lal Sharma	<ul style="list-style-type: none"> The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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
Nomination and Remuneration Committee	Munish Chandra Gupta (Chairman) Shri Paul Oswal Surinder Kumar Bansal	<ul style="list-style-type: none"> The role of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Formulated and recommended Nomination and Remuneration Policy. The Nomination & Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013. Nomination and Remuneration Policy of the Company forms part of the Board Report as Annexure II.
Corporate Social Responsibility Committee	Sachit Jain (Chairman) Bal Krishan Choudhary Munish Chandra Gupta	<ul style="list-style-type: none"> Formulated and recommended CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to the provisions of Schedule VII of the Companies Act, 2013 read with CSR Rules, 2014. The CSR policy may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/61a990114df67d8501b530691cbe89070be539571436265843.pdf During the year, the Company has spent ₹ 51.43 Lakhs on CSR activities. The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as Annexure I.
Stakeholder's Relationship Committee	Munish Chandra Gupta (Chairman) Geeta Mathur B.K. Choudhary	<ul style="list-style-type: none"> The Committee reviews and ensures redressal of investor grievances. The Committee noted that during the year the Company received 15 complaints from Investors. There is no pendency in respect of shares received for transfer during 2016-2017.

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

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

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

N.A. - Not a member of the Committee

* No Meeting of Nomination & Remuneration Committee was held during the Year.

Note: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 became effective from 1st December, 2015, which provided for the obligation to constitute Risk Management Committee only on top 100 Listed Companies. Therefore, the Board of Directors dissolved the Risk Management Committee of the Company w.e.f. 30th April, 2016.

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

iii. Meeting of Independent Directors:

The meeting of Independent Directors of the Company for the Calendar Year 2016 was held on 22nd October, 2016 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 and the minutes of the meeting was submitted to the Chairman of the Company.

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

Familiarisation programme for Independent Directors

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

4. DIRECTORS' REMUNERATION:

i) **Managing Director:**

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

A detail of remuneration paid to the Managing Director during the Year 2016-17 is as given below:

(₹ in Lakhs)

Name	Designation	Salary	Perquisites & Allowances	Retirement Benefits	Commission	Gross remuneration
Bal Krishan Choudhary	Managing Director	48.12	3.32	-	25.80	77.24

ii) Non-Executive Directors:

The Directors are paid sitting fees @ ₹ 25,000/- per Board Meeting and @ ₹ 20,000/- per Committee Meeting. The detail of sitting fees paid to the Directors during the Financial Year 2016-17 is given hereunder: -

S.NO.	NAME OF DIRECTOR	SITTING FEE (₹)
1.	Munish Chandra Gupta	260,000
2.	Sanjit Paul Singh	200,000
3.	Geeta Mathur	115,000
4.	Surinder Kumar Bansal	120,000

5. SHAREHOLDING DETAIL OF DIRECTORS AS ON 31.03.2017:

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.	Munish Chandra Gupta	20,000

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

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
26 th Annual General Meeting for financial year ended 31 st March, 2016.	Monday, 5 th September, 2016 at 11.00 a.m.	Regd. Office, Chandigarh Road, Ludhiana-141010.	0
25 th Annual General Meeting for financial year ended 31 st March, 2015.	Friday, 4 th September, 2015 at 03.00 p.m.	Regd. Office, Chandigarh Road, Ludhiana-141010.	2
24 th Annual General Meeting for financial year ended 31 st March, 2014.	Thursday, 25 th September, 2014 at 10.00 a.m.	Regd. Office, Chandigarh Road, Ludhiana-141010.	2

ii. Postal Ballot:

During the year, the members approved following matter by passing Special Resolution through Postal Ballot:

To consider and approve Buyback of Equity Shares of the Company:

The Board had appointed M/s. B.K. Gupta & Associates, Practicing Company Secretaries, as Scrutinizer to conduct the postal ballot process in a fair and transparent manner. The summary of e-voting & post is given as follows:-

Particulars	Number of Ballots	Number of Shares (Votes)	Percentage (%) (Votes)
Total shareholders	11,456	93,007,836	100.00
Total Folios voted through e-voting and post	74	70,278,800	75.56
No. of Folios voted FOR	71	70,274,140	99.99
No. of Folios voted AGAINST	3	4,660	0.01

There is no immediate proposal for passing any resolution through Postal Ballot in the Financial Year 2017-18.

7. DISCLOSURES:

- There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large.
- There has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or Securities Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.

- iii. The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The policy on "Vigil Mechanism and Whistle Blower" may be accessed on the Company's website at the link https://www.vardhman.com/user_files/investor/342a7263db1c05444c897e9056f0e1d9707cda151436265916.pdf
- iv. The Company has complied with all the applicable requirements specified in Regulation 17 to 27 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- v. The Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct, as required under SEBI (Prohibition of Insider Trading) Regulations, 2015.
- vi. During the year no case was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- vii. Further, the Company has complied with all mandatory requirements of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015. The Company may take up the non-mandatory requirements of the Listing Regulations in due course of time.

8. MEANS OF COMMUNICATION:

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

GENERAL INFORMATION FOR SHAREHOLDERS

i) 27th Annual General Meeting:

Date	: 22 nd September, 2017
Time	: 2.30 p.m.
Venue	: Regd. Office, Vardhman Premises, Chandigarh Road, Ludhiana-141 010.

ii) Financial Calendar 2017-18 (Tentative)

First Quarter Results	: August, 2017
Second Quarter Results	: October, 2017
Third Quarter Results	: February, 2018
Annual Results	: May, 2018

iii) **Dates of Book Closure** : **11th September, 2017 to 22nd September, 2017** (both days inclusive)

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

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

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

The Company has duly paid the listing fee to the aforesaid Stock Exchange for the Financial Year 2016-17.

vi) **Stock Code:**

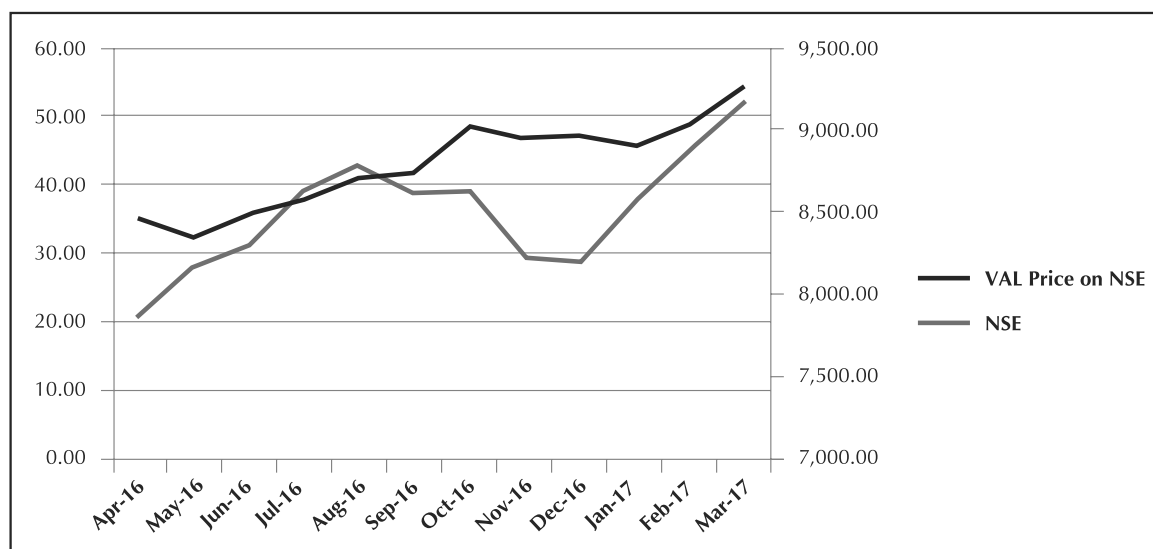
- The National Stock Exchange of India Limited : VARDHACRLC

vii) Stock Market Data:

The month-wise highest and lowest and closing stock prices of NSE during the Financial Year 2016-17 are given below:-

Financial Year 2016-17	Share prices of the Company on NSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	% Change Over Last Month's Closing
April	35.30	30.80	34.85	6.57
May	37.00	31.00	32.05	8.03
June	36.75	31.40	35.55	10.92
July	39.80	34.00	37.75	6.19
August	43.35	35.00	40.90	8.34
September	46.90	38.55	41.65	1.83
October	51.90	41.65	48.55	16.57
November	49.00	40.25	46.70	3.81
December	48.90	45.00	47.30	1.28
January	49.50	45.00	45.65	3.49
February	49.25	45.10	48.95	7.23
March	56.80	47.50	53.95	10.21

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

12/1/5, Manoharpukur Road
Ground Floor, Kolkata 700026

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

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

x) Share Transfer System:

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

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

xi) Distribution of Shareholding as on 31st March, 2017:

Range of Number of shares	SHAREHOLDERS		SHARES	
	Numbers of total holders	% to total holders	Numbers of shares held	% to total shares
Upto-50	6,845	62.729	1,646,101	2.048
501-1000	1,900	17.412	1,741,510	2.167
1001-2000	874	8.010	1,485,035	1.848
2001-3000	337	3.088	898,994	1.119
3001-4000	157	1.439	576,415	0.717
4001-5000	244	2.236	1,185,016	1.475
5001-10000	279	2.557	2,173,021	2.704
10001-50000	226	2.071	4,796,400	5.968
50000-100000	27	0.247	1,837,141	2.286
100000 and Above	23	0.211	64,024,113	79.668
Total	10,912	100.00	80,363,746	100.00

xii) Dematerialisation of shares:

on 31st March, 2017, 99.98% of the capital comprising 80,351,826 shares, out of total of 80,363,746 shares, were dematerialized.

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

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

xiv) Plant Location:

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

xv) Address for correspondence:

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

Tel : 0161-2228943-48

Fax : 0161-2601048

E-mail : secretarial.lud@vardhman.com

(Exclusively for redressal of investors' grievances)

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

CHAIRMAN'S DECLARATION

I, S.P. Oswal, Chairman of Vardhman Acrylics Limited, declare that all Board Members and Senior Management Personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2017.

Place: Ludhiana
Dated: May 03, 2017

Sd/-
S.P. Oswal
Chairman

INDEPENDENT AUDITORS' COMPLIANCE CERTIFICATE

To
The Members of
Vardhman Acrylics Limited,

1. We, **S.S. Kothari Mehta & Co.**, Chartered Accountants, the Statutory Auditors of Vardhman Acrylics Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

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

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31st 2017.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For S.S. Kothari Mehta & Co.,
Chartered Accountants
Firm's Registration No. 000756N**

**Sd/-
(Kamal Kishore)
Partner
Membership No. 078017**

**Place: New Delhi
Date: May 03, 2017**

Independent Auditor's Report

To
The Members
Vardhman Acrylics Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Vardhman Acrylics Limited** ('the Company'), which comprise the balance sheet as at 31st March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

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

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - e. On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 Ind AS financial statements – Refer Note 35A to the Ind AS financial statements;
 - ii. Company did not have any long term contract including derivative contract for which there were any material foreseeable losses.
 - iii. There were no amounts which were to be transferred, to the Investor Education and Protection Fund by the Company
 - iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 47 to the Ind AS financial statements.
- For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm's Registration No. 000756N**
- Sd/-
(Kamal Kishore)
Partner
Membership No. 078017**
- Place: New Delhi
Date: 03.05.2017**
- ANNEXURE - A TO THE AUDITORS' REPORT**
- Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date
- i.) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As part of this programme, the management has physically verified certain fixed assets during the year. Discrepancies noticed on such verification as compared to book records, which were not material, have been properly adjusted in the books of accounts.
- c. According to the information and explanations given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
 - ii.) As explained to us, physical verification has been conducted by management at reasonable intervals in respect of finished goods, stores and spares and raw material, Further, stock in the possession and custody of third parties and stock in transit as at 31st March, 2017 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 and no material discrepancies were noticed on such physical verification.
 - iii.) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered under Section 189 of Companies Act, 2013. Thus, clause 3(iii) of the order is not applicable to the company.
 - iv.) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
 - v.) The Company has not accepted any deposits from the public as per directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
 - vi.) We have broadly reviewed the cost accounting records maintained by the Company pursuant to 'The Companies (Cost Records and Audit) Rule, 2014' as notified by notification no. 425 (E) dated 30th June, 2014 of Ministry of Corporate Affairs, Government of India under section 148 of the Companies Act, 2013. We are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained by Company. We are, however, not required to make a detailed examination of such books and records.
- vii.) a. In our opinion and according to the information and explanations given to us by the management and relied upon by us and according to the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Service tax, Custom duty, Excise duty, Value added tax, Cess -and other material statutory dues, wherever applicable, have been regularly deposited with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2017.
 - b. According to the information and explanations given to us by the management and relied upon by us, there

were no disputed amounts payable in respect of income tax, sales tax, service tax, duty of customs, entry tax duty of excise and value added tax as on March 31, 2017 except the following:

Nature of Statute	Nature of Dues	Forum where Dispute is pending	Gross Amount (In Lakhs)	Pre-Deposit Amount (In Lakhs)	Period to which the amount relates
The Gujarat Vat Tax Act, 2003	VAT & CST	Joint Commissioner of Commercial Tax Appeal – 2 Vadodara	203.2	25	2009-10
The Gujarat Vat Tax Act, 2003	VAT & CST	GVAT Tax Tribunal Ahmedabad	132.54	20	2008-09
The Gujarat Vat Tax Act, 2003	VAT & CST	Joint Commissioner of Commercial Tax Appeal – 2 Vadodara	43.27	-	2004-05 & 2005-06
The Finance Act, 1994	Service Tax	Commissioner (Appeals) Surat	18.31	1.37	2009-13
The Central Excise and Salt Act, 1944	Cenvat Credit	CESTAT, Ahmedabad	1.17	-	2006-10

(Excluding, Income tax cases for which the income tax department has preferred appeals against the decisions in favour of the Company)

- viii.) According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of loans and borrowings to any financial institution or government or bank or dues to debenture holders as at the balance sheet date.
- ix.) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable.
- x.) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi.) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii.) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii.) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been

disclosed in the financial statements as required by the applicable accounting standards.

- xiv.) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year.
- xv.) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
- xvi.) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm's Registration No. 000756N

Sd/-
(Kamal Kishore)
Partner
Membership No. 078017

Place: New Delhi
Date: 03.05.2017

ANNEXURE - B TO THE AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **Vardhman Acrylics Limited** ("The Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility to Internal Financial Control

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial

Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

Meaning of internal financial control over financial reporting

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

- a. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

company are being made only in accordance with authorisations of management and directors of the company; and

- c. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm’s Registration No. 000756N**

**Sd/-
(Kamal Kishore)
Partner
Membership No. 078017**

**Place: New Delhi
Date: 03.05.2017**

BALANCE SHEET as at 31st March 2017

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	3	5,768.76	6,120.31	6,017.15
(b) Capital work-in-progress		30.13	10.72	234.42
(c) Intangible Assets		-	-	-
(d) Financial Assets				
- Long term Investments	4	1,041.12	10,588.49	12,236.00
- Long term Loans	5	1.71	4.12	2.75
- Others financial non-current assets	6	31.17	77.17	0.23
(e) Other non-current Assets	7	1,266.65	1,237.57	1,251.91
Total of Non-current assets		8,139.54	18,038.39	19,742.46
2 Current assets				
(a) Inventories	8	7,943.79	5,248.62	7,003.78
(b) Financial Assets				
- Current Investments	9	23,748.71	15,017.10	15,809.74
- Trade receivables	10	538.85	188.74	148.41
- Cash and Cash Equivalents	11	905.95	56.84	279.37
- Bank Balance other than Cash equivalents	11A	11.65	43.73	-
- Short term Loans	12	6.25	8.91	6.34
- Other financial current assets	13	10.28	1.01	42.24
(c) Current tax assets (net)		-	-	-
(d) Other current assets	14	1,007.91	930.55	1,736.26
Total of Current assets		34,173.39	21,495.49	25,026
TOTAL OF ASSETS		42,312.93	39,533.88	44,768.60
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	15	8,036.37	9,300.78	9,300.78
(b) Other Equity	16	21,505.12	22,481.35	25,117.69
Total of Equity		29,541.49	31,782.13	34,418.47
Liabilities				
1 Non-current liabilities				
(a) Financial Liabilities				
- Long term borrowings		-	-	-
- Other financial non current liabilities		-	-	-
(b) Long Term Provisions	17	46.57	29.08	134.37
(c) Deferred tax liabilities (Net)	18	2,664.57	2,697.09	2,118.60
(d) Other non-current liabilities	19	10.79	9.34	9.10
Total of Non-current liabilities		2,721.93	2,735.51	2,262.07
2 Current liabilities				
(a) Financial Liabilities				
- Short term borrowings	20	88.30	73.46	81.51
- Trade payables	21			
(i) Total outstanding dues of micro enterprises and small enterprises		49.93	65.96	34.27
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises.		6,405.43	3,047.05	6,585.28
- Other financial current liabilities	22	713.04	696.72	363.64
(b) Other current liabilities	23	241.14	142.45	155.10
(c) Short term provisions	23A	31.84	21.44	13.20
(d) Current tax liabilities (net)	24	2,519.83	969.16	855.05
Total of Current liabilities		10,049.51	5,016.24	8,088.06
TOTAL OF EQUITY AND LIABILITIES		42,312.93	39,533.88	44,768.60

See Accompanying Notes Forming Part of the Financial Statements

1 to 48

As per our report of even date

For S.S. Kothari Mehta & Co.,

Chartered Accountants

Firm Registration No: 000756N

For and on behalf of the Board of Directors

KAMAL KISHORE

Partner

Membership. No. 078017

RUCHITA VIJ
Company Secretary

VIVEK GUPTA
Chief Financial Officer

B.K.CHOUDHARY
Managing Director
DIN: 00307110

S.P.OSWAL
Chairman
DIN: 00121737

Place: New Delhi

Dated: 03.05.2017

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2017

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31 st March 2017	For the year ended 31 st March 2016
Revenue from operations	25	36,842.96	44,759.18
Other income	26	2,452.38	2,203.54
I Total revenue		39,295.33	46,962.72
II Expenses :			
Cost of materials consumed	27	15,864.59	17,617.87
Purchases of Stock-in-Trade	28	8,362.49	13,000.26
Changes in inventories of Finished goods, Work-in-Progress and Stock-in-Trade	29	(665.61)	170.27
Employee benefits expense	30	1,356.11	1,234.19
Finance costs	31	36.13	24.46
Depreciation and amortization	3	460.62	441.62
Other expenses	32	8,166.68	8,320.91
Total Expenses		33,581.01	40,809.58
III Profit before tax		5,714.33	6,153.14
IV Tax expense:			
(1) Current tax		1,632.29	1498.09
(2) Deferred tax		(28.48)	578.50
Total tax expense		1,603.81	2076.58
V Profit (Loss) for the period		4,110.52	4,076.56
VI Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
- Actuarial gain / (loss) on defined benefit obligation		(5.69)	5.53
- Investments through other comprehensive income		(11.70)	-
- Income taxes relating to items that will not be reclassified to profit or loss		1.96	(1.91)
- Deferred taxes relating to items that will not be reclassified to profit or loss		4.05	-
B Items that will be reclassified to profit or loss		-	-
- Income tax relating to items that will be reclassified to profit or loss		-	-
VII Total Comprehensive Income for the period (V+VI)		4,099.14	4,080.18
Earnings per equity share			
Basic - Par value of ₹ 10 per share		4.45	4.38
Diluted - Par value of ₹ 10 per share		4.45	4.38

See Accompanying Notes Forming Part of the Financial Statements

1 to 48

As per our report of even date
For S.S. Kothari Mehta & Co.,
Chartered Accountants
Firm Registration No: 000756N

For and on behalf of the Board of Directors

KAMAL KISHORE
Partner
Membership. No. 078017

RUCHITA VIJ
Company Secretary

VIVEK GUPTA
Chief Financial Officer

B.K.CHOUDHARY
Managing Director
DIN: 00307110

S.P.OSWAL
Chairman
DIN: 00121737

Place: New Delhi
Dated: 03.05.2017

CASH FLOW STATEMENT for the year ended 31st March, 2017

(₹ in Lakhs)

Particulars	Year ended 31 st March 2017	Year ended 31 st March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	5,714.33	6,153.14
Adjustments for :		
Depreciation and Amortization	460.62	441.62
Interest paid	18.96	3.28
Interest received	(212.92)	(48.64)
(Profit)/Loss on sale of investment (net)	(1,607.36)	(268.20)
Dividend on investments	(78.84)	(146.01)
(Profit)/Loss on sale of assets (net)	-	(0.62)
Assets written off	-	21.22
Net Gain on fair valuation of investment at fair value through Profit and loss	(384.91)	(1,704.66)
Bad debts written off/Excess Income Written off/Written off Dead items.	0.02	0.15
Liabilities / Provisions no longer required written back	(166.01)	(30.58)
Operating Profit before Working Capital changes	3,743.89	4,420.70
Adjustments for :		
Decrease/(Increase) in trade & other receivables	(452.18)	775.56
Decrease/(Increase) in Inventories	(2,695.17)	1,755.16
(Decrease)/Increase in sundry creditors/current liabilities	3,669.37	(3,248.72)
Cash generation from operations	4,265.91	3,702.70
Direct Taxes Paid (net of refund)	(81.62)	(1,383.98)
NET CASH FLOW FROM OPERATING ACTIVITIES	4,184.29	2,318.72
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(128.48)	(345.49)
Sale of fixed assets	-	3.81
Interest received	204.33	89.94
Dividend received	78.84	146.01
Sale of Investments in Mutual Funds/Liquid Funds/Debt Funds	6,742.95	10,566.72
Purchase of Investments in Mutual Funds/Liquid Funds/Debt Funds	(3,934.91)	(6,153.72)
NET CASH FLOW FROM INVESTING ACTIVITIES	2,962.73	4,307.28
C. CASH FLOW FROM FINANCING ACTIVITIES		
Buy back of share capital	(6,339.77)	-
Proceeds/(Repayment) from short - term borrowings	60.84	(84.99)
Dividend paid on equity shares	(32.08)	(5,575.19)
Tax on equity dividend paid	-	(1,141.33)
Interest paid	(18.96)	(3.28)
NET CASH FLOW FROM FINANCING ACTIVITIES	(6,329.99)	(6,804.79)
NET INCREASE IN CASH AND CASH EQUIVALENTS	817.03	(178.79)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	100.57	279.37
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	917.60	100.58

Excluding ₹ 31.17 Lakhs (previous year ₹ 77.13 Lakhs) included in other non-current assets
See accompanying notes forming part of the financial statements

As per our report of even date
For S.S. Kothari Mehta & Co.,
Chartered Accountants
Firm Registration No: 000756N

For and on behalf of the Board of Directors

KAMAL KISHORE
Partner
Membership. No. 078017

RUCHITA VIJ
Company Secretary

VIVEK GUPTA
Chief Financial Officer

B.K.CHOUDHARY
Managing Director
DIN: 00307110

S.P.OSWAL
Chairman
DIN: 00121737

Place: New Delhi
Dated: 03.05.2017

Notes to Financial Statements

1. CORPORATE AND GENERAL INFORMATION

Vardhman Acrylics Limited ("the Company") is domiciled and incorporated in India and its shares are publicly traded on the National Stock Exchange ('NSE') in India. The registered office of Company is situated at Vardhman Premises, Chandigarh Road, Ludhiana-141 010. Punjab, India.

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

These financial statements were approved and adopted by board of directors of the Company in their meeting dated May 03, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES :

(a) Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 34, 34(a), 34(b) & 34(c).

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

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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

(b) Use of Estimates

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

(c) Revenue Recognition

The company recognizes revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

(i) Sales of goods

Revenue from the sale of goods is recognised, when all significant risks and rewards are transferred to the buyer, as per the terms of the contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sales of goods. It also includes excise duty and excludes value added tax / sales tax. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

(ii) Export Incentives

Revenue in respect of the export incentives is recognized on post export basis.

(iii) Interest income

Interest income is recognized using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate,

to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

(iv) Dividend income

Dividend income is recognized when the right to receive the payment is established which is generally when shareholders approve the dividend.

(v) 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.

(vi) Investment income

All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at Fair Value through Other Comprehensive Income, then all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from Other Comprehensive Income to Profit & Loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the Fair Value through Profit & Loss category are measured at fair value with all changes recognized in the P&L.

(d) Employees 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-Employment Benefits

(i) Defined Contribution Plans:

Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. 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.

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.

(ii) Defined Benefit Plans

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 Trust and contributions are invested in the schemes as permitted by law of India.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognized in Other Comprehensive Income which are not reclassified to profit or loss in subsequent periods.

(iii) Compensated absences

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

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except the assets costing ₹ 5,000/- 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 fixtures - 10 years

Vehicles - 8 years.

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

(f) Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment. 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.

(g) Inventories

Inventories of raw materials, stores and spares, trading goods, work-in-process 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 & spares, at weighted average cost plus direct expenses.
- In case of work-in-process, 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, excise duty and other overheads incurred to bring the goods to their present condition and location.

(h) Borrowing Costs

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

(i) Earnings per Share

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

equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period; a reasonable approximation of the weighted average is adequate in many circumstances.

(j) Income Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred 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 income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. 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. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

(k) Government Grants

The government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to 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. Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

(l) Foreign Currency Transactions

(i) Functional and Presentation currency

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

(ii) Transaction and balances

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

The foreign currency monetary items are translated using the closing rate at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in profit or loss in the period in which they arise.

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

(m) Dividends

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

(n) Leases

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease under which the risks and rewards incidental to ownership are not transferred to lessee is classified as operating lease. Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the statement of profit and loss over the lease term.

(o) Financial instruments

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

(i) Initial Recognition and measurement

On initial recognition, all the financial assets and liabilities are recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability except financial assets or financial liabilities measured at fair value through profit and loss. Transaction cost of financial assets and liabilities carried at fair value through profit and loss are immediately recognised in the statement of profit and loss.

(ii) Subsequent measurement**a. Non-derivative financial instruments****(i) 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.

(ii) 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.

(iii) 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.

(iv) Financial liabilities

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

b. 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.

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.

c. Equity Share capital

(i) Equity Shares

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

(ii) Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

(iii) Fair value measurement of financial instruments

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

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

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

(p) Impairment of assets

a. Financial assets

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

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

b. Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU 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 amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(q) Cash and cash equivalents

The Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity period of three months or less from the balance sheet date, which are subject to an insignificant risk of changes in value.

(r) Cash flow statement

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

(s) **Provisions, Contingent liabilities, Contingent assets and Commitments:**

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

Contingent liability is disclosed in the case of:

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

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

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

Environment obligations

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

Non-current assets		(3) Property, plant and equipment											
		GROSS BLOCK					DEPRECIATION					NET BLOCK	
As at 31 March 2017		As at 01.04.2016	Additions	Sales/ Adjustments	As at 31.03.2017	As at 01.04.2016	Adjustments	Depreciation for the year	Transferred to Retained earnings	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
Tangible Assets:													
1	Buildings	2,622.83	-	-	2,622.83	1,136.92	-	64.71	-	1,201.63	1,421.20	1,485.91	1,485.91
2	Plant & Machinery	20,414.42	93.78	-	20,508.20	15,938.52	-	373.49	-	16,312.01	4,196.19	4,475.90	4,475.90
3	Furniture & Fixtures	56.69	1.25	-	57.94	47.87	-	1.41	-	49.28	8.66	8.82	8.82
4	Vehicles	106.23	1.21	-	107.44	35.04	-	10.72	-	45.76	61.68	71.19	71.19
5	Office Equipment	265.02	12.83	-	277.85	186.53	-	10.29	-	196.82	81.03	78.49	78.49
Intangible Assets:													
Total		23,465.19	109.07	-	23,574.26	17,344.88	-	460.62	-	17,805.50	5,768.76	6,120.31	6,120.31
Previous Year		23,021.50	569.17	125.48	23,465.19	17,004.35	(101.07)	441.62	-	17,344.88	6,120.31	6,017.15	6,017.15
Capital Work-in-Progress											30.13	10.72	10.72
As at 31 March 2016													
Non-current assets		(3) Property, plant and equipment											
		GROSS BLOCK					DEPRECIATION					NET BLOCK	
As at 31 March 2016		As at 01.04.2015	Additions	Sales/ Adjustments	As at 31.03.2016	As at 01.04.2015	Adjustments	Depreciation for the year	Transferred to Retained earnings	As at 31.03.2016	As at 31.03.2015	As at 31.03.2016	As at 31.03.2015
Tangible Assets:													
1	Buildings	2,466.78	156.05	-	2,622.83	1,074.03	0.00	62.89	-	1,136.92	1,485.91	1,392.75	1,392.75
2	Plant & Machinery	20,164.82	371.27	121.67	20,414.42	15,684.49	(100.45)	354.48	-	15,938.52	4,475.90	4,480.33	4,480.33
3	Furniture & Fixtures	51.09	5.60	-	56.69	46.51	0.00	1.36	-	47.87	8.82	4.58	4.58
4	Vehicles	101.95	8.09	3.81	106.23	25.00	(0.62)	10.66	-	35.04	71.19	76.95	76.95
5	Office Equipment	236.86	28.16	-	265.02	174.32	0.00	12.23	-	186.53	78.49	62.54	62.54
Intangible Assets:													
Total		23,021.50	569.17	125.48	23,465.19	17,004.35	(101.07)	441.62	0.00	17,344.88	6,120.31	6,017.15	6,017.15
Capital Work-in-Progress											10.72	234.42	234.42

* Note : Previous year's figures have been regrouped wherever necessary to conform with this year's classification.

(₹ in Lakhs)

PARTICULARS	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
4 Long term Investments			
Financial assets at Fair value through Other Comprehensive Income			
Non trade			
Equity Shares			
(Unquoted)			
16,47,525 (31 st March 2016: 16,47,525, 1 st April 2015: 16,47,525) Equity Shares of Bharuch Eco-Aqua Infrastructure Ltd. of ₹ 10/- each fully paid up.	443.02	454.72	454.72
Financial assets at Fair value through Profit and loss			
Mutual Funds; Debt Funds; Fixed Maturity plans			
(Quoted)			
Investment in Mutual Fund			
Nil (31 st March 2016: 1,00,00,000 1 st April 2015: 1,00,00,000) Units of ₹ 10/- each of Reliance Fixed Horizon Fund -XXV-Series 16-Growth Plan*	-	1,200.05	1,109.50
Nil (31 st March 2016: 2,00,00,000 1 st April 2015: 2,00,00,000) Units of ₹ 10/- each of Kotak FMP Series 140 Growth	-	2,436.90	2,244.38
Nil (31 st March 2016: 2,50,00,000 1 st April 2015: 2,50,00,000) Units of ₹ 10/- each of Kotak FMP Series 150 Growth*	-	3,021.38	2,787.03
Nil (31 st March 2016: 1,50,00,000 1 st April 2015: 1,50,00,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XVIII-I (400 Days) Direct Growth Plan*	-	1,780.59	1,645.91
Nil (31 st March 2016: 1,00,00,000 1 st April 2015: 1,00,00,000) Units of ₹ 10/- each of DSP Blackrock FTP - Series 44 -36 Month Direct Growth*	-	1,159.79	1,064.02
Nil (31 st March 2016: Nil 1 st April 2015: 2,50,00,000) Units of ₹ 10/- each of Relaince Fixed Horizon Fund - XXIV -Growth Plan	-	-	2,930.44
50,00,000 (31 st March 2016: 50,00,000 1 st April 2015: Nil) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXII-VI Growth Plan	598.10	535.06	-
Total	1,041.12	10,588.49	12,236.00
Aggregate book value of quoted investments	598.11	10,133.77	11,781.28
Aggregate market value of quoted investments	598.11	10,133.77	11,781.28
Aggregate book value of unquoted investments	443.02	454.72	454.72
Aggregate market value of unquoted investments	443.02	454.72	454.72
*These investments are re-classified as current investments in this year, as they are about to mature in next 12 months.			
5 Long term loans (Unsecured considered good, unless otherwise stated)			
Financial assets at amortized cost			
- Loans to employees	1.71	4.12	2.75
	1.71	4.12	2.75

(₹ in Lakhs)

PARTICULARS	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
6 Other financial non-current assets			
Financial assets at amortized cost			
Bank deposits (due to mature after twelve months from the reporting date)	31.17	77.17	0.23
	<u>31.17</u>	<u>77.17</u>	<u>0.23</u>
7 Other Non-Current Assets			
Security deposits	88.43	43.35	42.65
Deferred Expense for Employee benefit	0.24	0.70	0.42
Prepayments of Lease hold Land Premium	1,177.98	1,193.52	1,208.84
	<u>1,266.65</u>	<u>1,237.57</u>	<u>1,251.91</u>
8 Inventories (at cost or net realizable value, whichever is lower)			
Raw Materials	1,579.85	943.24	2,012.02
Raw Materials in transit	3,853.72	2,121.59	2,613.13
Finished Goods	1,285.78	617.87	722.29
Work In Process	202.36	204.66	270.51
Stores and Spares	888.73	876.88	959.16
Stores and Spares in transit	-	-	1.65
Trading goods in transit (Fibre)	133.35	484.38	425.02
	<u>7,943.79</u>	<u>5,248.62</u>	<u>7,003.78</u>
9 Current Investments			
Financial assets at Fair value through Profit and loss (Quoted)			
Preference Shares			
5,00,000 (31 st March 2016: 5,00,000 1 st April 2015: Nil) Preference Shares of ₹ 100/- each of L& T Redeemable Preference Shares	500.05	502.80	-
11,350,000 (31 st March 2016: Nil 1 st April 2015: Nil) Units of ₹ 10/- each of 6% Zee Entertainment Enterprises Limited Preference shares	1,072.58	-	-
(Quoted)			
Investment in Bonds			
Nil (31 st March 2016: Nil 1 st April 2015: 10,875) 8% Tax-free Secured Redeemable Non-convertible Bonds of ₹ 1,000/- each of Indian Railway Finance Coporation Ltd (IRFCL)	-	-	108.75
Nil (31 st March 2016: Nil 1 st April 2015: 3,330) Units of ₹ 1,000 /- each of 8.66 % NTPC Tax Free Bonds	-	-	33.30
Nil (31 st March 2016: Nil 1 st April 2015: 1,00,000) units of ₹ 1,000 each of 8.51 % HUDCO Tax Free Bonds	-	-	1,000.00
Nil (31 st March 2016: Nil 1 st April 2015: 200) Units of ₹ 1,000,000 / each of IIFL Duration Product I-042	-	-	2,000.00

PARTICULARS	(₹ in Lakhs)		
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
1000 (31 st March 2016 : Nil, 01 st April 2015 : Nil) Units of ₹ 100,000 / each of IIFL Wealth Finance Ltd	1,048.84	-	-
250 (31 st March 2016 : Nil, 01 st April 2015 : Nil) Units of ₹ 10,00,000 / each of JM Financial products ltd	2,500.00	-	-
Investment in Mutual Funds			
1,00,00,000 (31 st March 2016: Nil 1 st April 2015: Nil) Units of ₹ 10/- each of Reliance Fixed Horizon Fund -XXV-Series 16-Growth Plan*	1,295.76	-	-
2,50,00,000 (31 st March 2016: Nil 1 st April 2015: Nil) Units of ₹ 10/- each of Kotak FMP Series 150 Growth*	3,275.68	-	-
1,50,00,000 (31 st March 2016: Nil 1 st April 2015: Nil) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XVIII-I (400 Days) Direct Growth Plan*	1,927.11	-	-
1,00,00,000 (31 st March 2016: Nil 1 st April 2015: Nil) Units of ₹ 10/- each of DSP Blackrock FTP - Series 44 -36 Month Direct Growth*	1,263.66	-	-
Nil (31 st March 2016: Nil 1 st April 2015: 1,50,039) Units of ₹ 1,000.39 /- each of Principal Cash Management Fund - Direct Plan Dividend option Daily-Reinvestment.	-	-	1,500.98
Nil (31 st March 2016: Nil 1 st April 2015: 15,425) Units of ₹ 1,005 /- each of SBI Ultra Short term debt fund - Direct Daily dividend	-	-	155.02
Nil (31 st March 2016: Nil 1 st April 2015: 1,67,619) Units of ₹ 1,003.09 /- each of SBI Ultra Short term debt fund - Regular daily dividend	-	-	1,684.42
Nil (31 st March 2016: Nil 1 st April 2015: 18,945) Units of ₹ 1,003.25 /- each of SBI Premier Liquid Fund - Direct Plan - Daily dividend	-	-	190.06
Nil (31 st March 2016: Nil 1 st April 2015: 1,40,818) Units of ₹ 1,001.66 /- each of Principal Debt Opportunities Fund Conservative Plan - Direct Plan Dividend Daily	-	-	1,411.35
Nil (31 st March 2016: Nil 1 st April 2015: 50,412) Units of ₹ 1,011.62 /- each of Kotak Floater short term -Direct plan - Daily dividend	-	-	509.98
60,779 (31 st March 2016: 60,779 1 st April 2015: 60,779) Units of ₹ 1,000 /- each of Principal Bank CD Fund - Direct Plan Growth.	1,284.15	1,195.58	1,097.55
2,13,20,689 (31 st March 2016: 2,13,20,689 1 st April 2015: 21,320,689) Units of ₹ 10/- each of Edelweiss banking (earlier known as JP Morgan Indian banking) and PSU debt fund -Direct plan-Growth option	2,913.15	2,821.23	2,618.33
96,90,611 (31 st March 2016: 96,90,611 1 st April 2015: Nil) Units of ₹ 10/ each of Edelweiss Bond (earlier knows as JP Morgan Indian active bond fund -Direct plan) Growth option	1,753.84	1,609.27	-
Nil (31 st March 2016: 2,50,00,000 1 st April 2015: Nil) Units of ₹ 10/- each of Relaince Fixed Horizon Fund - XXIV -Growth Plan	-	3,173.78	-

(₹ in Lakhs)

PARTICULARS	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
22,430,779 (31 st March 2016: 22,430,779 1 st April 2015: 22,430,779) Units of ₹ 10/ each of Edelweiss Banking(earlier known as JP Morgan Indian banking) and PSU debt fund -Regular plan-Growth option	3,032.78	2,701.86	2,500.00
3,335,393 (31 st March 2016: 57,77,241 1 st April 2015: 57,77,241) Units of ₹ 10/ each of IDFC Dynamic bond fund - Growth -Direct plan	698.81	1,060.78	1,000.00
Nil (31 st March 2016: 31,419 1 st April 2015: Nil) Units of ₹ 1,000 /- each of Principal Cash Management Fund Direct Growth Plan	-	463.35	-
Nil (31 st March 2016: 62,643 1 st April 2015: Nil) Units of ₹ 1,000 /- each of SBI Premier Liquid Fund - Regular Plan Growth	-	1,488.45	-
781 (31 st March 2016 : Nil, 01 st April 2015 : Nil) Units of ₹ 1,000 /- each of Principal Low Duration Fund - Direct Plan Growth	20.75	-	-
45,510 (31 st March 2016 : Nil, 01 st April 2015 : Nil) Units of ₹ 1,000 /- each of SBI Premium Liquid Fund - Direct Plan Growth	1,161.55	-	-
	23,748.71	15,017.10	15,809.74
Aggregate book value of quoted investments	23,748.71	15,017.10	15,809.74
Market value of quoted investments	23,748.71	15,017.10	15,809.74
*These investments are re-classified as current investments in this year, as they are about to mature in next 12 months.			
10 Trade receivables (unsecured and considered good, unless otherwise stated)			
- Unsecured, considered good unless otherwise stated	538.85	188.74	148.41
- Doubtful	4.84	4.84	4.84
Less: Allowances for doubtful trade receivables	(4.84)	(4.84)	(4.84)
	538.85	188.74	148.41
11 Cash and cash equivalents			
Cash and cash equivalents			
- Cash in hand	0.16	0.16	0.59
Balance with banks :			
- On current accounts	300.12	55.60	76.14
- On cash credit accounts	605.67	1.08	202.64
	905.95	56.84	279.37
11 A Bank balances other than cash and cash equivalents			
Other Bank Balance			
Bank deposits *	11.65	43.73	-
	11.65	43.73	-

* Deposit on account of dividend account

(₹ in Lakhs)

PARTICULARS	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
12 Short term loans			
Financial assets at amortized cost			
- Loans to employees	6.25	8.91	6.34
	<u>6.25</u>	<u>8.91</u>	<u>6.34</u>
13 Other financial current assets			
Financial assets at amortized cost			
- Interest Accrued but not due	9.01	0.41	41.71
- Advances to employees	1.27	0.60	0.53
	<u>10.28</u>	<u>1.01</u>	<u>42.24</u>
14 Other current assets (Unsecured considered good, unless otherwise stated)			
Advances to Suppliers			
- For supply of goods and rendering of services	350.51	410.63	341.01
Prepaid expenses	27.19	12.79	15.52
Security Deposits	1.75	7.60	4.60
Balances and Deposits with Government Authorities & Others	612.82	483.90	1,359.59
Deferred Expense for Employee benefits	0.21	0.31	0.22
Prepayments of Lease hold land premium	15.43	15.32	15.32
	<u>1,007.91</u>	<u>930.55</u>	<u>1,736.26</u>
15 Equity Share Capital			
Authorised			
Equity Shares, ₹ 10/- par value			
₹ 15,00,00,000 (31.03.2016 ₹ 15,00,00,000, 01.04.2015 ₹ 15,00,00,000)	15,000.00	15,000.00	15,000.00
	<u>15,000.00</u>	<u>15,000.00</u>	<u>15,000.00</u>
Issued, Subscribed and Paid-up			
Equity Shares, ₹ 10/- par value			
8,03,63,746 (31.03.2016 9,30,07,836, 01.04.2015 9,30,07,836) equity shares fully paid up	8,036.37	9,300.78	9,300.78
Total issued, subscribed and fully paid-up share capital	<u>8,036.37</u>	<u>9,300.78</u>	<u>9,300.78</u>

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

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
At the beginning of the period	93,007,836	9,300.78	93,007,836	9,300.78	93,007,836	9,300.78
Add: Issued during the reporting period	-	-	-	-	-	-
Less: Bought back during the period	12,644,090	1,264.41	-	-	-	-
Outstanding at the end of period	<u>80,363,746</u>	<u>8,036.37</u>	93,007,836	9,300.78	93,007,836	9,300.78

(b) Terms/ rights attached to equity shares

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

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

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

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

Particulars	As at 31.03.2017 (₹ in Lakhs)	As at 31.03.2016 (₹ in Lakhs)	As at 01.04.2015 (₹ in Lakhs)
Vardhman Textiles Limited, the holding Company 5,68,51,144 (31.03.2016 6,58,00,834, 01.04.2015 6,58,00,834) Equity Shares of ₹ 10/- each fully paid*	5,685.51	6,580.08	6,580.08
VTL Investments Limited, the subsidiary of holding company 70,330 (31.03.2016 78,170, 01.04.2015 78,170) Equity Shares of ₹ 10/- each fully paid*	7.03	7.82	7.82

*Shareholding is reduced due to buy back of shares

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

Names of Shareholders	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of shares	% of shares	No. of shares	% of shares	No. of shares	% of shares
Vardhman Textiles Ltd.	56,851,144	70.74	65,800,834	70.75	65,800,834	70.75

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

- (e)** The Board of Directors of the Company in its meeting held on 22nd October, 2016 approved the buyback of upto 1.38 crore fully paid up equity shares of ₹ 10/- each, at a price not exceeding ₹ 50.00/- payable in cash, through the Tender Offer route, upto an aggregate amount not exceeding ₹ 69 crore from the open market through Stock Exchange(s). During the year, the Company had bought back and extinguished 1,26,44,090 Equity Shares of ₹ 10/- each at a price of ₹ 50/- per share. Consequently, ₹ 1,264.41 Lakhs were transferred to Capital Redemption Reserve as per requirements of section 69 of Companies Act, 2013.

(f) Aggregate Number & Class of shares bought back in last 5 years

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

16 Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus			Items of other comprehensive income					Total		
			Capital Redemption reserve	Securities premium	General Reserve	Retained Earnings	Equity instruments through other comprehensive income	Effective portion of Cash Flow Hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation		Other items of other comprehensive income	
													Money received against share warrant
Balance as at 1st April 2016	-	-	1,552.47	-	4,006.15	16,729.50	189.61	-	-	-	3.61	-	22,481.35
Profit for the Year						4,110.52	(7.65)				(3.73)		4,110.52
Other Comprehensive Income for the year													(11.38)
Total Comprehensive Income for the year	-	-	-	-	-	4,110.52	(7.65)	-	-	-	(3.73)	-	4,099.14
Transfer to capital redemption reserve			1,264.41			(1,264.41)							-
Premium on buy back of shares						-							0.00
Balance as at 31st March 2017	-	-	2,816.88	-	4,006.15	14,500.24	181.96	-	-	-	(0.11)	-	21,505.12

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus			Items of other comprehensive income					Total		
			Capital Redemption reserve	Securities premium	General Reserve	Retained Earnings	Equity instruments through other comprehensive income	Effective portion of Cash Flow Hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation		Other items of other comprehensive income	
													Money received against share warrant
Balance as at 1st April 2015	-	-	1,552.47	-	4,006.15	19,369.46	189.61	-	-	-	-	-	25,117.69
Profit for the Year						4,076.56							4,076.56
Other Comprehensive Income for the year											3.61		3.61
Total Comprehensive Income for the year	-	-	-	-	-	4,076.56	-	-	-	-	3.61	-	4,080.18
Final Dividend for the year ended 31 st March 2015 (₹ 1/- per share)						(930.08)							(930.08)
Corporate dividend tax on above Interim Dividend for the year ended 31 st March 2016 (₹ 5/- per share)						(194.62)							(194.62)
Corporate dividend tax on above Corporate Dividend Tax written back						(4,650.39)							(4,650.39)
Balance as at 31st March 2016	-	-	1,552.47	-	4,006.15	16,729.50	189.61	-	-	-	3.61	-	22,481.35

(₹ in Lakhs)

PARTICULARS	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
17 Long-term provisions			
Provision for employee benefits			
- Provision for leave benefits (unfunded)	46.57	29.08	25.66
- Provision for gratuity (unfunded)	-	-	108.71
	<u>46.57</u>	<u>29.08</u>	<u>134.37</u>
18 Deferred tax liabilities (net)			
Deferred tax liabilities (net)	2,664.57	2,697.09	2,118.60
	<u>2,664.57</u>	<u>2,697.09</u>	<u>2,118.60</u>
19 Other Non Current liabilities			
- Other liabilities	10.79	9.34	9.10
	<u>10.79</u>	<u>9.34</u>	<u>9.10</u>
20 Short-term borrowings			
Secured :			
Cash credit from banks (secured)*	88.30	73.46	81.51
	<u>88.30</u>	<u>73.46</u>	<u>81.51</u>
21 Trade payables			
Trade payables (including acceptances)			
- Dues to Micro, Small and Medium Enterprises (Refer Note 44)	49.93	65.96	34.27
- Others	6,405.43	3,047.05	6,585.28
	<u>6,455.36</u>	<u>3,113.01</u>	<u>6,619.55</u>
22 Other financial Current liabilities :			
Financial liabilities at amortized cost			
- Unpaid Dividend	11.65	43.73	-
- Salaries and benefits	155.62	148.57	122.05
- Others	316.06	383.97	209.68
Financial liabilities at Fair value through Profit and Loss			
- Derivative Financial Instruments	229.71	120.45	31.91
	<u>713.04</u>	<u>696.72</u>	<u>363.64</u>
23 Other current liabilities			
- Securities Received	5.71	5.96	4.36
- Withholding and other tax payables	160.47	87.09	72.14
- Trade deposits and advances	62.42	26.67	61.51
- Others	12.54	22.73	17.09
	<u>241.14</u>	<u>142.45</u>	<u>155.10</u>
23 A Short term provisions			
- Gratuity (Funded)	19.02	10.29	-
- Leave Encashment	12.82	11.15	13.20
	<u>31.84</u>	<u>21.44</u>	<u>13.20</u>
24 Current tax liabilities (net)			
- Provision for taxation (Net of advance taxes ₹ 10,300.68 Lakhs, Previous year ₹ 10,221.02 Lakhs)	2,519.83	969.16	855.05
	<u>2,519.83</u>	<u>969.16</u>	<u>855.05</u>

(₹ in Lakhs)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
25 Revenue from operations		
Sale of products		
Finished Goods (Fibre & Tow)	28,306.95	31,486.11
Trading Goods (Fibre)	7,855.14	13,142.39
Trading Goods (Acrylonitrile)	637.31	-
Exchange Rate Fluctuation (Net)	-	91.12
Other Operating Revenue	43.56	39.56
	<u>36,842.96</u>	<u>44,759.18</u>
26 Other Income		
Interest income on financial assets carried at amortized cost	212.92	48.64
Dividend income on investments carried at fair value -		
- through Profit and loss	78.84	146.01
Net Gain on sale of investment carried at fair value through Profit and loss	1,607.36	268.20
Net Gain on fair valuation of investment at fair value through Profit and loss	384.91	1,704.66
Insurance claims received	1.61	4.06
Sundry balances/Liabilities / Provisions no longer required, written back/off (net).	166.01	30.58
Other non operating income	0.69	0.77
Net Gain on sale of Plant property and Equipment	-	0.62
	<u>2,452.38</u>	<u>2,203.54</u>
27 Cost of Materials Consumed		
Inventory at the beginning of the year	943.24	2,012.02
Add : Purchases	16,501.19	16,549.09
	<u>17,444.43</u>	<u>18,561.11</u>
Less: inventory at the end of the year	1,579.86	943.24
Cost of raw material and components consumed	<u>15,864.59</u>	<u>17,617.87</u>
Raw materials consumed (Major Heads)		
Acrylonitrile	14,272.13	15,785.31
Vinyl Acetate Monomer	1,037.81	1,274.92
Others	554.65	557.64
	<u>15,864.59</u>	<u>17,617.87</u>
28 Purchases of Stock-in-Trade		
Acrylic Fibre	7,734.66	13,000.26
Acrylonitrile	627.83	-
	<u>8,362.49</u>	<u>13,000.26</u>
29 Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade		
Inventories at the beginning of the year		
Work-in-Process	204.66	270.51
Finished Goods	617.87	722.29
	<u>822.53</u>	<u>992.80</u>
Less - Inventories at the end of the year		
Work-in-Process	202.36	204.66
Finished Goods	1,285.78	617.87
	<u>1,488.14</u>	<u>822.53</u>
	<u>(665.61)</u>	<u>170.27</u>
Stock Particulars of Finished Goods		
Fibre & Tow	QTY (MT) 904.03	555.34

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2017	Year ended 31 March 2016
30 Employee Benefit Expenses		
Salaries, wages and other allowances	1,256.70	1,138.02
Amortization of Deferred Employee benefits	0.31	0.21
Contribution to Provident and other Funds	69.15	63.49
Staff welfare expense	24.10	27.47
Recruitment expenses	5.85	5.00
	<u>1,356.11</u>	<u>1,234.19</u>
31 Finance Costs		
Interest on		
- Working capital & others	18.96	3.28
Bank & Other charges	17.17	21.18
	<u>36.13</u>	<u>24.46</u>
32 Other Expenses		
Power and fuel	2,407.48	2,412.73
Water charges	226.30	218.49
Consumption of stores and spares	336.35	354.94
Repair and maintenance		
- Machinery Repairs	521.22	516.47
- Building repairs	35.92	53.79
- Other repairs	14.69	6.42
Rent	11.13	11.37
Lease Premium	15.43	15.32
Rates and Taxes	344.32	294.80
Insurance	20.58	25.79
Payment to auditor		
Audit fee	2.21	1.91
Tax audit fee	0.40	0.34
Reimbursement of expenses	0.04	0.35
In other capacity	1.19	1.26
Legal and professional	79.72	23.45
Travelling and conveyance	31.53	25.67
Printing and Stationery	11.63	10.18
Postage, telegram and telephones	14.26	9.11
Bad debts written off / Excess Income Written off / Written off Dead items	0.02	0.15
Exchange rate fluctuation (Net)	59.13	-
Property, Plant and Equipment written off	-	21.22
Increase / (decrease) of excise duty on inventory	69.80	5.02
Charity and donation (refer note 46)	51.43	14.90
Allocation of common corporate expenses	79.00	76.98
Excise duty on sales	3,127.73	3,506.90
Miscellaneous Expenses	59.45	100.80
Selling expenses, freight and forwarding charges	645.72	612.54
	<u>8,166.68</u>	<u>8,320.91</u>

33 Disclosures of Financial instruments

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

As at 31st March 2017 (₹ in Lakhs)

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Long term investments			598.10	443.02		1,041.12	1,041.12
Long term loans	1.71					1.71	1.71
Other financial non-current assets	31.17					31.17	31.17
Current Investments			23,748.71			23,748.71	23,748.71
Trade receivables	538.85					538.85	538.85
Cash and bank balances	905.95					905.95	905.95
Short term loans	6.25					6.25	6.25
Other financial current assets	10.28					10.28	10.28
Total	1,494.21	-	24,346.82	443.02	-	26,284.04	26,284.04
Liabilities:							
Long term borrowings						-	-
Short term borrowings	88.30					88.30	88.30
Trade Payables	6,455.36					6,455.36	6,455.36
Other financial current liabilities	483.34		229.71			713.05	713.05
Total	7,027.00	-	229.71	-	-	7,256.71	7,256.71

As at 31st March 2016 (₹ in Lakhs)

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Long term investments			10,133.80	454.70		10,588.50	10,588.50
Long term loans	4.12					4.12	4.12
Other financial non-current assets	77.17					77.17	77.17
Current Investments			15,017.10			15,017.10	15,017.10
Trade receivables	188.74					188.74	188.74
Cash and bank balances	56.84					56.84	56.84
Short term loans	8.91					8.91	8.91
Other financial current assets	1.01					1.01	1.01
Total	336.79	-	25,150.90	454.70	-	25,942.39	25,942.39
Liabilities:							
Long term borrowings						-	-
Short term borrowings	73.46					73.46	73.46
Trade Payables	3,113.01					3,113.01	3,113.01
Other financial current liabilities	576.27		120.45			696.72	696.72
Total	3,762.74	-	120.45	-	-	3,883.20	3,883.20

As at 1st April 2015

(₹ in Lakhs)

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Long term Investments			11,781.28	454.72		12,236.00	12,236.00
Long term loans	2.75					2.75	2.75
Other financial non-current assets	0.23					0.23	0.23
Current Investments			15,809.74			15,809.74	15,809.74
Trade receivables	148.41					148.41	148.41
Cash and bank balances	279.37					279.37	279.37
Short term loans	6.34					6.34	6.34
Other financial current assets	42.24					42.24	42.24
Total	479.34	-	27,591.02	454.72	-	28,525.08	28,525.08
Liabilities:							
Long term borrowings						-	-
Short term borrowings	81.51					81.51	81.51
Trade Payables	6,619.55					6,619.55	6,619.55
Other financial current liabilities	331.73		31.91			363.64	363.64
Total	7,032.80	-	31.91	-	-	7,064.70	7,064.70

(b) Basis of Fair value of Financial assets and liabilities

(i) Fair Value hierarchy

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

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

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

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

As at 31st March 2017

(₹ in Lakhs)

Particulars	Fair Value	Fair Value measurement using		
		Level 1	Level 2	Level 3
Long term Investments				
Fair Value through Profit and Loss	598.11	598.11		
Fair Value through Other Comprehensive Income (OCI)	443.02			443.02
Current Investments				
Fair Value through Profit and Loss	23,748.71	23,748.71		
Other financial current liabilities				
- Derivative financial instruments	229.71		229.71	

As at 31 st March 2016		(₹ in Lakhs)		
Particulars	Fair Value	Fair Value measurement using		
		Level 1	Level 2	Level 3
Long term Investments				
Fair Value through Profit and Loss	10,133.78	10,133.78		
Fair Value through Other Comprehensive Income (OCI)	454.72			454.72
Current Investments				
Fair Value through Profit and Loss	15,017.10	15,017.10		
Other financial current liabilities				
- Derivative financial instruments	120.45		120.45	

As at 1 st April 2015		(₹ in Lakhs)		
Particulars	Fair Value	Fair Value measurement using		
		Level 1	Level 2	Level 3
Long term Investments				
Fair Value through Profit and Loss	11,781.28	11,781.28		
Fair Value through Other Comprehensive Income (OCI)	454.72			454.72
Current Investments				
Fair Value through Profit and Loss	15,809.74	15,809.74		
Other financial current liabilities				
- Derivative financial instruments	31.91		31.91	

34 First time adoption of Ind AS

These financial statements, for the year ended 31st March 2017, are the first the company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for period ending on 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has, accordingly, applied following exemptions:

- The Company has elected to consider carrying amount of all items of Property, Plant and Equipments (PPE) as per Indian GAAP, as deemed cost at the date of transition.
- The Company has availed the exemption of fair value measurement of financial assets or liabilities at initial recognition and accordingly will apply fair value measurement of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 1st April 2015.
- The estimates at 1st April 2015 and at 31st March, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:
 - Fair value of investments in unquoted equity instruments.
 - Impairment of financial assets based on expected credit loss model
 - Discount rates

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions that existed as at 1st April, 2015 and 31st March, 2016.

Notes to the reconciliation of equity as at 1st April 2015 and 31st March 2016 and Total comprehensive income for the year ended 31st March 2016

1. Leasehold land

Under Indian GAAP, land on lease was not covered under 'Leases' and therefore it was shown as Tangible assets. Under Ind AS, land on lease is considered as operating lease. Therefore net block of leasehold land as on 1st April 2015 and as on 31st March 2016 has been re-classified under the head "Other non-current assets" and "Other current assets" as 'Prepayments of leasehold land'. Further, the amortization of leasehold payment has been reclassified from 'Depreciation and amortization' to 'Other expenses'.

2. Fair Valuation of Investments

Under Indian GAAP, investments in equity instruments, mutual funds and debt securities were classified as long term investments or current investments based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary diminution in the value of investments. Current investments were carried at lower of cost and fair value. Ind AS requires such investments to be measured at fair value except investments in subsidiaries, associates and joint venture for which exemption has been availed.

Accordingly, the Company has designated investments in equity instruments and mutual funds as Fair Value through Profit and Loss investments. The difference between the instrument's fair value and Indian GAAP carrying amount has been recognized in retained earnings.

3. Financial instruments measured at amortized cost

Under Indian GAAP, interest free loan to employees are recorded at their transaction value. Under Ind AS, these loans are to be measured at amortized cost on the basis of effective interest rate method. Due to this, long term loans to employees and short term loans to employees has been decreased and difference between carrying amount and amortized cost has been recognized as 'Deferred employee cost' under the head 'Other non-current assets'/'Other current assets'.

4. Derivative Instruments

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

5. Proposed Dividend

Under Indian GAAP, proposed dividend (including Dividend Distribution Tax) is recognized as a liability in the period to which it relates, irrespective of when it is declared. Under Ind AS, proposed dividend is recognized as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability for the year ended 31st March 2015 recorded for the proposed dividend for the year along with dividend distribution tax is de-recognized and provided in the financial year in which it is declared or paid under IND AS.

6. Defined benefit obligation

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gain and loss, are charged to profit and loss. Under Ind AS, such actuarial gain and loss is to be recognized separately through Other Comprehensive Income. Thus, employee cost has been reduced and actuarial gain/loss has been recognized in OCI net of taxes.

7. Sale of goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Thus, sale of goods under Ind AS has increased by the excise duty with a corresponding increase in other expenses.

8. Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS has resulted in recognition of deferred tax on temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

9. Statement of cash flows

The transition from Indian GAAP to IND AS has not had a material impact on statement of cash flows.

- 34 (a) The following reconciliation provides the effect of the transaction to IND AS from IGAAP in accordance with IND AS 101. Equity as at 1st April, 2015. (₹ in Lakhs)

Particulars	Note No.	As per previous GAAP	IND AS Adjustments	As per IND AS
ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	1	7,241.32	(1,224.17)	6,017.15
(b) Capital Work-in-Progress		234.42	-	234.42
(c) Intangible Assets		-	-	-
(d) Financial Assets		-	-	-
- Long term Investments	2	10,664.75	1,571.25	12,236.00
- Long term Loans	3	3.16	(0.42)	2.75
- Others financial non-current assets		0.23	-	0.23
(e) Other non-current Assets	1,3	42.65	1,209.26	1,251.91
Total of Non-current assets		18,186.54	1,555.92	19,742.46
2 Current assets				
(a) Inventories		7,003.78	-	7,003.78
(b) Financial Assets				
- Current Investments	2	15,590.53	219.20	15,809.73
- Trade receivables		148.41	-	148.41
- Cash and bank balances		279.37	-	279.37
- Short term Loans	3	6.56	(0.22)	6.34
- Other financial current assets		42.24	-	42.24
(c) Current tax assets (net)				
(d) Other current assets	1,3	1,720.72	15.54	1,736.26
Total of Current assets		24,791.61	234.52	25,026.13
TOTAL OF ASSETS		42,978.15	1,790.45	44,768.60
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital		9,300.78	-	9,300.78
(b) Other Equity	1 to 5	22,830.68	2,287.01	25,117.69
Total of Equity		32,131.46	2,287.01	34,418.47
Liabilities				
1 Non-current liabilities				
(a) Financial Liabilities				
- Long term borrowings		-	-	-
- Other financial non current liabilities		-	-	-
(b) Long Term Provisions		134.37	-	134.37
(c) Deferred tax liabilities (Net)		1,474.71	643.89	2,118.60
(d) Other non-current liabilities		9.10	-	9.10
Total of Non-current liabilities		1,618.18	643.89	2,262.07
2 Current liabilities				
(a) Financial Liabilities				
- Short term borrowings		81.51	-	81.51
- Trade payables		6,619.55	-	6,619.55
- Other financial current liabilities	4	331.73	31.90	363.64
(b) Other current liabilities		215.96	(60.86)	155.10
(c) Short term provisions	5	1,124.70	(1,111.50)	13.20
(d) Current tax liabilities (net)		855.05	-	855.05
Total of Current liabilities		9,228.51	(1,140.45)	8,088.06
TOTAL OF EQUITY AND LIABILITIES		42,978.15	1,790.45	44,768.60

Note: The Previous GAAP figures have been reclassified to conform to presentation requirements of Schedule III applicable to a Company whose financial statements are required to be drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015.

34 (b) Equity as at 31st March, 2016.

(₹ in Lakhs)

Particulars	Note No.	As per previous GAAP	IND AS Adjustments	As per IND AS
ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	1	7,329.15	(1,208.84)	6,120.31
(b) Capital Work-in-Progress		10.72	-	10.72
(c) Intangible Assets	-	-	-	-
(d) Financial Assets	-	-	-	-
- Long term Investments	2	8,664.75	1,923.74	10,588.49
- Long term Loans	3	4.82	(0.70)	4.12
- Others financial non-current assets		77.17	-	77.17
(e) Other non-current Assets	1,3	43.35	1,194.22	1,237.57
Total of Non-current assets		16,129.97	1,908.42	18,038.39
2 Current assets				
(a) Inventories		5,248.62	-	5,248.62
(b) Financial Assets				
- Current Investments	2	13,445.73	1,571.36	15,017.10
- Trade receivables		188.74	-	188.74
- Cash and bank balances		100.57	-	100.57
- Short term Loans	3	9.22	(0.31)	8.91
- Other financial current assets		1.01	-	1.01
(c) Current tax assets (net)		-	-	-
(d) Other current assets	1,3	914.91	15.63	930.55
Total of Current assets		19,908.80	1,586.68	21,495.49
TOTAL OF ASSETS		36,038.77	3,495.10	39,533.88
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital		9,300.78		9,300.78
(b) Other Equity		20,221.72	2,259.62	22,481.34
Total of Equity		29,522.50	2,259.62	31,782.12
Liabilities				
1 Non-current liabilities				
(a) Financial Liabilities				
- Long term borrowings		-	-	-
- Other financial non current liabilities		-	-	-
(b) Long Term Provisions		39.37	(10.29)	29.08
(c) Deferred tax liabilities (Net)		1,466.20	1,230.90	2,697.09
(d) Other non-current liabilities		9.34	-	9.34
Total of Non-current liabilities		1,514.91	1,220.61	2,735.51
2 Current liabilities				
(a) Financial Liabilities				
- Short term borrowings		73.46	-	73.46
- Trade payables		3,113.01	-	3,113.01
- Other financial current liabilities	4	576.27	120.45	696.72
(b) Other current liabilities		258.31	(115.87)	142.45
(c) Short term provisions		11.15	10.29	21.44
(d) Current tax liabilities (net)		969.16	-	969.16
Total of Current liabilities		5,001.36	14.87	5,016.24
TOTAL OF EQUITY AND LIABILITIES		36,038.77	3,495.10	39,533.88

Note: The Previous GAAP figures have been reclassified to conform to presentation requirements of Schedule III applicable to a company whose financial statements are required to be drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015.

34 (c) Net Profit for the year ended 31st March, 2016

(₹ in Lakhs)

Particulars	Note No.	As per previous GAAP	IND AS Adjustments	As per IND AS
Revenue from operations (net)	7	41,161.15	3,598.03	44,759.18
Other income	2,3	589.79	1,613.75	2,203.54
I. Total revenue		41,750.94	5,211.78	46,962.72
II. Expenses :				
Cost of materials consumed		17,617.87	-	17,617.87
Purchases of Stock-in-Trade		13,000.26	-	13,000.26
Changes in inventories of finished goods, Work-in-Progress and Stock-in-Trade		170.27	-	170.27
Employee benefits expense	3,6	1,228.44	5.75	1,234.19
Finance costs		24.46	-	24.46
Depreciation and amortization	1	456.94	-15.32	441.62
Other expenses	1,4,7	4,773.78	3,547.13	8,320.91
Total Expenses		37,272.03	3,537.55	40,809.58
III. Profit/(loss) before tax (I-II)		4,478.91	1,674.23	6,153.14
IV. Tax expense:				
(1) Current tax		1,500.00	-1.91	1,498.09
(2) Deferred tax		-8.51	587.01	578.50
V. Less: Prior Period Adjustments		4.56	-4.56	-
VI. Profit (Loss) for the period (III-IV)		2,982.86	1,093.70	4,076.56
VII. Other Comprehensive Income				
A Items that will not be reclassified to profit or loss				
Actuarial gain on defined benefit obligation	6		5.53	5.53
Deferred tax gain / (loss) relating to items that will not be reclassified to profit or loss			(1.91)	(1.91)
Income tax relating to items that will not be reclassified to profit or loss			-	-
B Items that will be reclassified to profit or loss				
Income tax relating to items that will be reclassified to profit or loss			-	-
VIII. Total Comprehensive Income for the period (VI+VII)		2,982.86	1,097.32	4,080.18

35 **Contingent Liabilities and Commitments:**

	(₹ in Lakhs)		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
A. Contingent Liabilities			
a) Letters of Credit Outstanding	232.57	287.52	1683.40
b) Bank Guarantees	108.08	77.00	302.00
c) Service Tax, Excise duty, VAT and cenvat credit under dispute against which appeals have been filed / are being filed.	65.92	160.65	120.63
d) The Company has contested demand in respect of Sales tax / GVAT amounting to ₹ 379.01 Lakhs (31 st March 2016 ₹ 379.01 Lakhs, 1 st April 2015 ₹ 406.75 Lakhs). As against the above demand a sum of ₹ 45.04 Lakhs (31 st March 2016: ₹ 45.04 Lakhs, 1 st April 2015: ₹ 45.04 Lakhs) has been deposited under protest and stands under the head "Other current Asset-Balances and Deposits with Government Authorities & Others". The company has filed an appeal with Appellate Authorities and is advised that the demand is not in accordance with law. No Provision therefore, has been made in accounts in respect thereof.			
e) The Company has contested the additional demand in respect of income tax amounting to ₹ 45.72 Lakhs (31 st March 2016: ₹ 92.92 Lakhs, 1 st April 2015: ₹ 1,182.61 Lakhs). Pending appeal with appellate authorities, provision of ₹ 48.80 Lakhs (31 st March 2016: ₹ 74.52 Lakhs, 1 st April 2015 ₹ 571.22 Lakhs) has not been made in the books of account as the company is confident to get the desired relief, however the same has been adjusted against the dues to the company.			

B. Commitments

	(₹ in Lakhs)		
Capital and other commitments	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	-	34.24	15.93

Notes:-

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

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

Gratuity plan: The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service subject to a maximum ₹10 Lakhs, vesting occurs upon completion of five continuous years of service in accordance with Indian law.

The company makes annual contributions to the Vardhman Acrylics Limited Gratuity Fund which is funded defined benefit plan for qualifying employees.

The following tables set out the disclosures in respect of the gratuity plan as required under Ind AS 19.

- Changes in the present value of the obligations:

	(₹ in Lakhs)		
Particulars	Gratuity		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Present value of defined benefit obligation at the beginning of the year	118.99	108.71	85.19
Interest cost	9.52	8.36	6.64
Current service cost	17.49	15.52	14.17
Benefits Paid	(4.97)	(8.08)	(2.31)
Actuarial (gain)/ loss on Obligations	4.95	(5.52)	5.02
Present value of defined benefit obligation at the end of the year	145.99	118.99	108.71

(b) Change in Fair Value of Plan Asset:

(₹ in Lakhs)

Particulars	Gratuity		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Fair value of Plan Assets as at beginning of the year	108.70	-	-
Actual return on Plan Assets	7.97	-	-
Contributions	10.29	108.71	-
Benefits Paid	-	(0.01)	-
Fair value of Plan Assets as at end of the year	126.96	108.70	-

(c) Amount recognized in Balance Sheet:

(₹ in Lakhs)

Particulars	Gratuity		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Present value obligation as at end of the year	145.98	118.99	108.71
Fair value of Plan Assets as at end of the year	126.96	108.70	-
Unfunded Net Asset/ (Liability) recognised in Balance Sheet.	(19.02)	(10.29)	(108.71)

d) Expenses Recognized in Profit & Loss:

(₹ in Lakhs)

Particulars	Gratuity	
	Financial Year 2016-17	Financial Year 2015-16
Current service cost	17.49	15.52
Interest cost	0.82	8.37
Total Expenses recognised in Profit & Loss Account	18.31	23.89

(e) Recognized in Other Comprehensive Income (OCI):

(₹ in Lakhs)

Particulars	Gratuity	
	Financial Year 2016-17	Financial Year 2015-16
Net cumulative unrecognized actuarial gain/(loss) opening	5.53	-
OCI recognized during the year	5.69	5.53
Unrecognized actuarial gain/(loss) at the end of the year	(0.16)	(5.53)

(f) Investment details of Fund:

(₹ in Lakhs)

Particulars	Gratuity		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Mutual Funds	23.52	-	-
Government Securities	54.03	-	-
Bank Balance	0.24	108.70	-
Bonds	49.17	-	-
TOTAL	126.96	108.70	-

- (g) The principal actuarial assumptions used for estimating the Company's defined benefit obligation are set out below:-

Weighted average actuarial assumptions

Particulars	Gratuity		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Discount Rate (per annum)	7.54%	8.00%	7.90%
Rate of increase in compensation levels (per annum)	6.00%	6.00%	6.00%
Rate of return on plan assets (per annum)	7.04%	N.A.	N.A.
Expected Average remaining working lives of employees (years)	26.04	25.75	25.97
Method Used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. Same assumptions were considered for comparative period i.e. 2015-16 as considered in previous GAAP on transition to IND AS.

- (h) The quantitative sensitivity analysis on net liability recognized on account of change in significant assumptions:

Particulars	₹ in Lakhs		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Discount Rate			
0.50% Increase	(5.07)	(4.06)	(3.57)
0.50% decrease	5.45	4.36	3.85
Future Salary			
0.50% Increase	5.50	4.42	3.90
0.50% decrease	(5.16)	(4.14)	(3.65)
Life expectancy*			
Increase by 1 year			
Decrease by 1 year			

*As per Actuarial Certificate, sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

- (i) The following payments are expected contributions to the defined benefit plan in future years (In absolute terms ie. Undiscounted):

Particulars	₹ in Lakhs	
	Financial Year 2016-17	Financial Year 2015-16
Within 1 year	32.89	29.66
1-5 years	31.36	26.93
Beyond 5 years	81.73	62.40
Total expected payments	145.98	118.99

- (j) The average duration of the defined benefit plan obligation at the end of the reporting period is 13.30 years (31st March 2016: 13.37 years).

37 The Company operates in only one business segment viz. "Acrylic Fibre & Tow", which is the reportable segment in accordance with the requirements of Ind AS -108 on "Operating Segments", prescribed by Companies (Indian Accounting Standards) Rules 2015. Since the Company is not making any exports, hence the requirement of giving geographical segment note is not applicable to the company.

38 Related Party Disclosure:

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

Disclosure of Related parties and relationship between parties:-

- a) Key Management Personnel : Mr. B. K. Choudhary (Managing Director)
 : Mr. Vivek Gupta (Chief Financial Officer)
 : Ms. Ruchita Vij (Company Secretary)

b) *Related parties:-

S.No. Party to whom the Company is Subsidiary / Fellow Subsidiary Companies

1. Vardhman Textiles Limited (Holding Company)
2. VMT Spinning Company Limited (Fellow Subsidiary Company)
3. Vardhman Yarns & Threads Limited (Joint Venture of Holding company upto 31.08.2016)
4. Vardhman Yarns & Threads Limited (Associate of Holding Company w.e.f. 01.09.2016)
5. Vardhman Nisshinbo Garments Company Limited (Joint Venture of Holding Company)
6. VTL Investments Limited (Fellow Subsidiary Company)

* Identified and certified by the Management.

c) Related party transaction

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company Vardhman Textiles Limited		Fellow Subsidiary Companies		Key Management Personnel (KMP)		Total	
		Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
1	Sale of goods (Net of discount)	17,853.96	24,508.20	-	-	-	-	17,853.96	24,508.20
2	Purchase of goods	5.68	42.77	-	-	-	-	5.68	42.77
3	Reimbursement of Common Corporate Expense (Exclusive Service Tax)	76.45	75.32	-	-	-	-	76.45	75.32
4	Interest Received from Inter Corporate Deposits and current account balances	4.61	29.85	-	-	-	-	4.61	29.85
5	***Contractual remuneration	-	-	-	-	112.32	96.51	112.32	96.51
5a	***Contractual remuneration outstanding as on last day of financial year	-	-	-	-	17.46	16.32	17.46	16.32
6	Rent paid (excluding service tax)	11.03	10.72	-	-	-	-	11.03	10.72
7	Dividend Paid	-	3,948.05	-	4.69	-	-	-	3,952.74
8	Reimbursement of Expenses Paid	21.35	6.89	-	-	-	-	21.35	6.89
9	Reimbursement of Expenses Received	99.68	945.65	-	-	-	-	99.68	945.65

*** As the liabilities for gratuity, leave encashment and sick leave are provided on an actuarial basis for the Company as a whole, the amount pertaining there to are not included in above.

39 Disclosures as required by Indian Accounting Standard (Ind AS) 17 Lease:-

Operating lease commitments:

(i) Company as lessor:-

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

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

Particulars	(₹ in Lakhs)	
	31-Mar-17	31-Mar-16
Within one year	26.56	26.80
After one year but not more than five years	61.72	61.72
More than five years	1141.73	1157.16
	1230.01	1245.68

40. Earning Per Share

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

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
	Issued equity shares	93,007,836
Less: Buyback of Shares#	12,644,090	-
Number of Shares at the end	80,363,746	93,007,836
Weighted average shares outstanding - Basic and Diluted – A	92,315,009	93,007,836

12,644,090 equity shares are bought back on 11.03.2017. Hence its weighted average impact is duly taken i.e 12,644,090 shares were Outstanding for 345 days ($12644090 \times 345 / 365 = 11951263$ shares)

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

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
	Profit and loss after tax for EPS – B (In Lakhs)	4110.52
Basic Earnings per share (B/A)	4.45	4.38
Diluted Earnings per share (B/A)	4.45	4.38

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:

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

b) Reconciliation of Deferred tax liabilities (net)

Particulars	(₹ in Lakhs)		
	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
Balance at the beginning of the year	2,697.09	2,118.60	1,520.87
Deferred tax income/expenses during the year recognized in Statement of Profit and loss	(28.48)	578.50	597.73
Deferred tax income/expenses during the year recognized in Other Comprehensive income	(4.05)	-	-
Deferred tax income/expenses during the year recognized directly in equity	-	-	-
Balance at the end of the year	2,664.57	2,697.09	2,118.60

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

Particulars	31 st March 2017	31 st March 2016
Accounting profit before tax	5,714.33	6,153.14
Tax at statutory income tax rate of 34.608%/17.304%/23.072%(31 March 2016: 34.608%/17.304%/11.536%)	1,918.59	2,092.36
Tax effect of the amounts not deductible for computing taxable income		
Depreciation Difference	49.12	39.10
Disallowance u/s 43B	34.93	7.82
Others	(63.82)	(639.29)
Differential treatment of Investment for income tax	(308.49)	-
Income tax expense including items that are not reclassified to profit & loss	1630.33	1500.00

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

Particulars	(₹ in Lakhs)		
	As at 31 st March 2017	As at 31 st March 2016	As at 1 st April 2015
Brought forward losses and unabsorbed depreciation	-	-	-
Deferred tax asset on above	-	-	-

42. Financial Risk Management

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

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

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

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

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

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

these risks:

(i) **Market Risk**

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

(a) **Foreign currency risk**

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

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

Particulars	(Foreign Currency in Lakhs)	
	As at 31 st March 2017	As at 31 st March 2016
Advance to suppliers		
- In USD	1.76	9.15
- In EURO	0.01	-
Net exposure to foreign currency risk (assets)		
- In USD	1.76	9.15
- In EURO	0.01	-
Trade Payables		
- In USD	84.53	40.46
- Foreign Exchange Forward Contracts bought foreign Currency in USD#	(85.66)	(54.32)
Net exposure to foreign currency risk (Liabilities)	-	-
Net exposure to foreign currency risk (Asset)		
- In Euro	0.01	-
- In USD	1.76	9.15

Excess forwards bought against pending purchase order shipment

The following significant exchange rates applied during the year:

Particulars	2016-17 (Average exchange rate)	2015-16 (Average exchange rate)	2016-17 (Year end rates)	2015-16 (Year end rates)
INR/USD	65.55	64.38	64.86	66.25
INR/EURO	72.2	71.01	69.31	75.09

Foreign currency sensitivity analysis

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

Particulars	(₹ in Lakhs)	
	As at 31 March 2017	As at 31 March 2016
10% Strengthening/weakening of USD against INR	11.42	60.62
10% Strengthening/weakening of EURO against INR	0.07	-

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

Particulars	(Foreign Currency in Lakhs)	
	As at 31 st March 2017	As at 31 st March 2016
Contracts against export		
- In USD	-	-
Contracts against Import		
- In USD	85.66	54.20
- In EURO	-	0.13

(b) Interest Rate Risk

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

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

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

Particulars	Carrying amount (₹ in Lakhs)	
	Financial Year 2016-17	Financial Year 2015-16
Variable rate instruments		
Long term borrowings	-	-
Current maturities of long term debt	-	-
Short term borrowings	88.30	73.46

Cash flow sensitivity analysis for variable rate instruments

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

Particulars	Financial Year 2016-17	Financial Year 2015-16
Increase/ (decrease) in 100 basis point (₹ In Lakhs)	0.88	0.73

(ii) Liquidity Risk

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

The company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The company plans to maintain sufficient cash and marketable securities to meet the obligations as and when falls due.

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

Particulars	(₹ in Lakhs)		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
Borrowings			
0-3 months	88.30	73.46	81.51
3-12 months	-	-	-
1-2 years	-	-	-
2-5 years	-	-	-
More than 5 years	-	-	-
Trade Payables			
0-3 months	6,455.36	3,113.01	6,619.55
3-12 months	-	-	-
1-2 years	-	-	-
2-5 years	-	-	-
More than 5 years	-	-	-
Other Financial liabilities			
0-3 months	744.88	718.16	376.84
3-12 months	-	-	-
1-2 years	-	-	-
2-5 years	-	-	-
More than 5 years	-	-	-

(iii) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. Credit risk on cash and bank balances is limited as the company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies.

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

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

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

Particulars	(₹ in Lakhs)		
	Financial Year 2016-17	Financial Year 2015-16	Financial Year 2014-15
(a) Revenue from top five customers			
- Amount of sales	22,216.84	30,129.40	36,923.91
- % of total sales	60.30%	67.45%	72.46%
(b) Allowance for doubtful debt			
- Balance at the beginning of the period	-	-	-
- Impairment loss recognized	-	-	-
- Amount written off	-	-	-
- Balance at the end of the period	-	-	-

Write off policy

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

43 Capital Management

The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

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

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

Particulars	(₹ in Lakhs)	
	Financial Year 2016-17	Financial Year 2015-16
Borrowings	88.30	73.46
Less: Cash and cash equivalents	917.60	100.57
Net debt	(829.30)	(27.11)
Total equity	29,541.49	31,782.13
Capital and Net debt	29,541.49	31,782.13
Gearing ratio	-	-

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

There were no changes in the objectives, policies or processes for managing capital during the year ended 31st March 2017 and 31st March 2016.

- 44 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.
- 45 The Company owes dues of ₹ Nil (previous year ₹ 4.47 Lakhs) towards Micro and Small Enterprises, which are outstanding for more than 45 days as at 31st March, 2017. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

46 Expenditure incurred on Corporate Social Responsibility

Details of expenditure on Corporate Social Responsibility Activities as per Section 135 of the Companies Act, 2013 read with schedule III are as below:-

Particulars	(₹ in Lakhs)	
	Financial Year 2016-17	Financial Year 2015-16
Promotion of Education	42.66	13.59
Expenditure towards Swachh Bharat Abhyaan	8.00	1.00
Rural development	0.77	0.25
Total	51.43	14.84

47 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated 31st March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	(Amount in ₹)		
	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 th November 2016	28,000	841	28,841
(+) Permitted receipts	-	76,670	76,670
(-) Permitted payments	-	35,157	35,157
(-) Amount deposited in Bank	28,000	-	28,000
Closing cash in hand as on 30 th December 2016	-	42,354	42,354

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated 8th November 2016.

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

As per our report of even date
For S.S. Kothari Mehta & Co.,
Chartered Accountants
Firm Registration No: 000756N

For and on behalf of the Board of Directors

KAMAL KISHORE
Partner
Membership. No. 078017

RUCHITA VIJ
Company Secretary

VIVEK GUPTA
Chief Financial Officer

B.K.CHOUDHARY
Managing Director
DIN: 00307110

S.P.OSWAL
Chairman
DIN: 00121737

Place: New Delhi
Dated: 03.05.2017

VARDHMAN ACRYLICS LIMITED

CIN: L51491PB1990PLC019212

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

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

E-mail: secretarial.lud@vardhman.com; Website: www.vardhman.com**ATTENDANCE SLIP
E-VOTING PARTICULARS****27TH ANNUAL GENERAL MEETING****2017**

I/We hereby record my/our presence at the 27th Annual General Meeting of Vardhman Acrylics Limited held at the Registered Office of the Company situated at Chandigarh Road, Ludhiana 141 010 on Friday, the 22nd September, 2017 at 02:30 p.m.

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

Member's /Proxy's name in Block Letters

Member's/Proxy's Signature

Note:

1. Please complete the Folio/DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of meeting place.
2. Electronic copy of the Annual Report for 2016-17 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of Annual Report for 2016-17 alongwith Attendance Slip and Proxy Form is sent in permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

ELECTRONIC VOTING PARTICULARS

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

NOTE: Please read instructions given at Point No. 18 of the Notice of 27th Annual General Meeting annexed in the Annual Report for 2016-17 of the Company, carefully before voting electronically.

VARDHMAN ACRYLICS LIMITED

CIN: L51491PB1990PLC019212

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

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

E-mail: secretarial.lud@vardhman.com; Website: www.vardhman.com**PROXY FORM**

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held on Friday, the 22nd day of September, 2017 at 02:30 p.m. at the Registered office of the Company situated at Chandigarh Road, Ludhiana 141 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

RESOLUTIONS:-	
Ordinary Business	
1.	Adoption of financial statements for the Financial Year ended 31 st March, 2017.
2.	Declaration of Dividend on equity shares.
3.	Re-appointment of Mr. Shri Paul Oswal as a director liable to retire by rotation.
4.	Appointment of Statutory Auditors.
Special Business	
5.	Re-appointment of Mr. Munish Chandra Gupta, Independent Director.
6.	Re-appointment of Mr. Sanjit Paul Singh, Independent Director.
7.	Re-appointment of Mr. Surinder Kumar Bansal, Independent Director.
8.	Approval of members for entering into Related Party Transactions.
9.	Ratify the remuneration of the Cost Auditors of the Company for the Financial Year ended 31 st March, 2018.

Sign this day of 2017.

Signature of shareholder Signature of Proxy holder(s)

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

Affix Revenue Stamp not less than Rs. 0.15

PUDA SECTOR 32A

VISHAL MEGA MART

ROAD TO MIG FLATS
AND TAJPUR ROAD >>>

VARDHMAN ACRYLICS LTD.
CORPORATE OFFICE

MAIN ENTRANCE

PETROL PUMP

LUDHIANA-CHANDIGARH ROAD

CHANDIGARH >>>
YARDHMAN CHOWK

>>> MOTI NAGAR

OPEN GROUND

>>> DELHI
SAMRALA CHOWK

>>> RAILWAY STATION, LDH
JALANDHAR >>>

>>> BUS STAND, LDH