

Corporate Governance Report

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

1. Vardhman Group's Philosophy:

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

- Appreciating our role as a responsible corporate citizen.

2. Board of Directors/ Board Meetings:

i. Composition as on 31st March, 2020:

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

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

Relationship Inter-se:

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

ii. Board Meetings:

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

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

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

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

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

3. Board Committees:

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

Name of Committee	Composition	Terms of Reference
Audit Committee	- Sanjit Paul Singh (Chairman) - Munish Chandra Gupta - Darshan Lal Sharma - Apinder Sodhi	<ul style="list-style-type: none"> The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Nomination and Remuneration Committee	- Munish Chandra Gupta (Chairman) - Shri Paul Oswal - Surinder Kumar Bansal	<ul style="list-style-type: none"> The role of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Formulated and recommended Nomination and Remuneration Policy. The Nomination and Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013. Nomination and Remuneration Policy of the Company forms part of the Board Report as Annexure I.
Corporate Social Responsibility Committee	- Sachit Jain (Chairman) - Bal Krishan Choudhary - Munish Chandra Gupta	<ul style="list-style-type: none"> Formulated and recommended CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to provisions of Schedule VII of the Companies Act, 2013 read with CSR Rules, 2014. The CSR policy may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/61a990114df67d8501b530691c_be89070be539571436265843.pdf Recommends expenditure to be incurred for CSR activities/ project and ensures effective monitoring of CSR policy of the Company from time to time. The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as Annexure III.
Stakeholder's Relationship Committee	- Munish Chandra Gupta (Chairman) - Bal Krishan Choudhary - Surinder Kumar Bansal	<ul style="list-style-type: none"> The Committee reviews and ensures redressal of investor grievances. The Committee noted that during the year the Company received 14 complaints from Investors and same had been resolved by the Company.

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

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

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

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

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

iii. Meeting of Independent Directors:

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

Performance Evaluation

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

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

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

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

Familiarisation programme for Independent Directors

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

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

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

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

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

Name of Director	Area of Expertise		(₹ In Lakhs)														
Sachit Jain	Strategic Planning	Salary	43.80														
	Leadership	Perquisites & Allowances	47.64														
	Operational Experience	Retirement Benefit	-														
	Industry Experience	Commission	43.80														
	Financial Expertise	Performance Linked Incentive	-														
Darshan Lal Sharma	Administrative Experience	The tenure of office of Mr. B.K Choudhary is 5 (five) years from the date of his appointment and can be terminated by either party by giving three months notice in writing. There is no separate provision for the payment of Severance Fees.															
	Strategic Planning	ii) Non-Executive Directors:															
	Leadership	Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board and Committee Meetings.															
	Operational Experience	The Non-Executive Directors are paid sitting fees @ ₹ 25,000/- per Board Meeting and @ ₹ 20,000/- per Committee Meeting. The detail of sitting fees paid to the Non-Executive Directors during the Financial Year 2019-20 is given hereunder:															
	Industry Experience	<table border="1"> <thead> <tr> <th>S. No.</th> <th>Name Of Director</th> <th>Sitting Fee (₹)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Munish Chandra Gupta</td> <td>3,25,000</td> </tr> <tr> <td>2.</td> <td>Sanjit Paul Singh</td> <td>2,25,000</td> </tr> <tr> <td>3.</td> <td>Surinder Kumar Bansal</td> <td>2,05,000</td> </tr> <tr> <td>4.</td> <td>Apinder Sodhi</td> <td>1,80,000</td> </tr> </tbody> </table>		S. No.	Name Of Director	Sitting Fee (₹)	1.	Munish Chandra Gupta	3,25,000	2.	Sanjit Paul Singh	2,25,000	3.	Surinder Kumar Bansal	2,05,000	4.	Apinder Sodhi
S. No.	Name Of Director	Sitting Fee (₹)															
1.	Munish Chandra Gupta	3,25,000															
2.	Sanjit Paul Singh	2,25,000															
3.	Surinder Kumar Bansal	2,05,000															
4.	Apinder Sodhi	1,80,000															
Bal Krishan Choudhary	Financial Expertise																
	Administrative Experience																
	Strategic Planning																
	Leadership																
	Operational Experience																
Sanjit Paul Singh	Industry Experience																
	Financial Expertise																
	Administrative Experience																
Munish Chandra Gupta	Strategic Planning																
	Leadership																
	Administrative Experience																
Surinder Kumar Bansal	Strategic Planning																
	Leadership																
	Financial Expertise																
Apinder Sodhi	Strategic Planning																
	Leadership																

4. Directors' Remuneration:

i) Managing Director:

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

A detail of remuneration paid to the Managing Director during the Year 2019-20 is as given below:

	(₹ In Lakhs)
Name	Bal Krishan Choudhary
Designation	Managing Director

5. Shareholding detail of Directors as on 31.03.2020:

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

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

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

6. General Body Meetings:

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

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

Postal Ballot: No resolution was passed by the Members of the Company through postal ballot during the financial year. Further, there is no immediate proposal for passing any resolution through postal ballot in the financial year 2020-21.

7. Disclosures:

- i. There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large. The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/1c9ec9e9c9ce1b5b82aef9485050628bbd40d5551436265865.pdf
- ii. There has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.
- iii. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The policy on "Vigil Mechanism and Whistle Blower" may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/342a7263db1c05444c897e9056f0e1d9707cda151436265916.pdf
- iv. Further, the Company has complied with all mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company may take up the non-mandatory requirements of the Listing Regulations in due course of time.
- v. The Company has complied with all the applicable requirements specified in Regulation 17 to 27 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

8. Means of Communication:

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

General Information for Shareholders

i) 30th Annual General Meeting:

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

ii) Financial Calendar 2020-21 (Tentative)

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

iii) Dates of Book Closure : 19th September, 2020 to 29th September, 2020

iv) Dividend payment date : The Board of Directors has not recommended dividend for the Financial Year 2019-20.

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

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

vi) Stock Code:

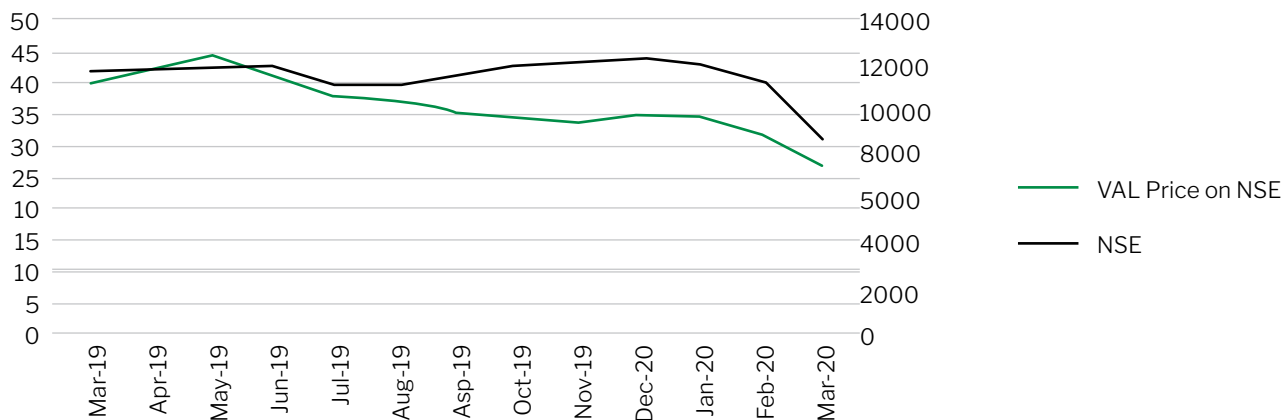
- National Stock Exchange of India Limited : VARDHACRLC

vii) Stock Market Data:

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

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

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



ix) Registrar & Transfer Agent:

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

M/s. MCS Share Transfer Agent Limited

CIN: U67120WB2011PLC165872

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

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

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

x) Share Transfer System:

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

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

xi) Distribution of Shareholding as on 31st March, 2020:

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

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

xii) Dematerialisation of shares:

On 31st March, 2020, 99.99% of the capital comprising 80,362,326 shares, out of total of 80,363,746 shares, were dematerialized.

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

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

xiv) Plant Location:

755, GIDC, MEGA ESTATE
 Jhagadia - 393110
 Distt. Bharuch, Gujarat.



xv) Address for correspondence:

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

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

xvi) List of credit ratings:

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

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