

Directors' Report

Dear Members,

The Directors of your Company have pleasure in presenting their 46th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended 31st March, 2019.

1. FINANCIAL RESULTS:

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

Particulars	STANDALONE		CONSOLIDATED	
	2018-19	2017-18	2018-19	2017-18
Revenue from operations (Net)	6,414.58	5,851.37	6,877.92	6,248.27
Other Income	218.20	185.06	222.72	197.35
Profit before Depreciation, Interest & Tax (PBDIT)	1,349.72	1,043.62	1,432.41	1,117.82
Interest and Financial expenses	117.84	114.32	119.65	118.19
Profit before Depreciation and Tax (PBDT)	1,231.88	929.30	1,312.76	999.63
Depreciation	241.48	228.55	254.02	240.00
Profit before Tax (PBT)	990.40	700.75	1,058.74	759.63
Provision for Tax - Current	242.91	147.58	264.01	165.01
- Deferred Tax (Net of Adjustment)	51.61	7.41	54.18	2.18
Profit after tax (PAT)	695.88	545.76	740.55	592.44
Other Comprehensive Income	0.19	1.70	(0.56)	1.60
Total Comprehensive Income for the period	696.07	547.46	739.99	594.04
Earnings per share (₹)				
- Basic	121.13	96.41	129.45	106.56
- Diluted	119.97	95.45	128.19	105.48

2. Financial Analysis and Review of Operations:

Production & Sales Review:

During the year under review, your Company has registered Revenue from Operations of ₹ 6,414.58 crore as compared to ₹ 5,851.37 crore in the previous year. The export of the Company (FOB value) increased from ₹ 2,211.43 crore to ₹ 2,539.71 crore showing an increase of 14.84% over the previous year. The business wise performance is as under:-

a) Yarn:

The production of Yarn increased marginally from 2,04,091 MT to 2,04,729 MT during the year 2018-19.

b) Fabric:

During the year, the production of grey fabric increased from 175.24 million meter to 188.34 million meter. The production of processed fabric increased from 122.55 million meter to 130.96 million meter.

STANDALONE:

Profitability:

The Company earned profit before depreciation, interest and tax of ₹ 1,349.72 crore as against ₹ 1,043.62 crore in the previous year. After providing for depreciation of ₹ 241.48 crore (Previous Year ₹ 228.55 crore), interest

of ₹ 117.84 crore (Previous Year ₹ 114.32 crore), provision for current tax of ₹ 242.91 crore (Previous Year ₹ 147.58 crore), deferred tax (net of adjustments) of ₹ 51.61 crore (Previous Year ₹ 7.41 crore), the net profit from operations after comprehensive income worked out to ₹ 696.07 crore as compared to ₹ 547.47 crore in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹ 3,854.47 crore. Out of this, a sum of ₹ 86.17 crore and ₹ 13.32 crore has been utilised towards dividend and corporate dividend tax thereon respectively and an amount of ₹ 31.87 crore has been transferred to Debenture Redemption Reserve and a sum of ₹ 3,723.12 crore is proposed to be carried as surplus to the Balance sheet.

Resources Utilisation:

a) Fixed Assets:

The Net Block as at 31st March, 2019 was ₹ 3,058.84 crore as compared to ₹ 2,506.77 crore in the previous year.

b) Current Assets:

The current assets as on 31st March, 2019 were ₹ 4,192.38 crore as against ₹ 4,201.33 crore in the previous year. Inventory level was at ₹ 2,442.13 crore as compared to the previous year level of ₹ 2,116.51 crore.

CONSOLIDATED:

Profitability:

The Company earned profit before depreciation, interest and tax of ₹ 1,432.41 crore as against ₹ 1,117.82 crore in the previous year. After providing for depreciation of ₹ 254.02 crore (Previous Year ₹ 240.00 crore), interest of ₹ 119.65 crore (Previous Year ₹ 118.19 crore), provision for current tax of ₹ 264.01 crore (Previous Year ₹ 165.01 crore), deferred tax (net of adjustments) of ₹ 54.18 crore [Previous Year ₹ 2.18 crore], the net profit from operations after comprehensive income worked out to ₹ 739.99 crore as compared to ₹ 594.04 crore in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹ 4,079.64 crore. Out of this,

a sum of ₹ 84.67 crore and ₹ 18.67 crore has been utilised towards dividend and corporate dividend tax thereon respectively, an amount of ₹ 31.87 crore and ₹ 0.90 crore has been transferred to Debenture Redemption Reserve and Statutory Reserve respectively, a balance of ₹ 3,943.53 crore is proposed to be carried as surplus to the Balance sheet.

Resources Utilisation:

a) Fixed Assets:

The Net Block as at 31st March, 2019 was ₹ 3,188.59 crore as compared to ₹ 2,618.40 crore in the previous year.

b) Current Assets:

The current assets as on 31st March, 2019 were ₹ 4,680.99 crore as against ₹ 4,545.60 crore in the previous year. Inventory level was at ₹ 2,610.25 crore as compared to the previous year level of ₹ 2,256.64 crore.

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:-

Particulars	(₹ in crore)	
	2018-19	2017-18
Cash and Cash equivalents:		
Beginning of the year	65.20	38.22
End of the year	37.43	65.20
Net cash provided (used) by:		
Operating Activities	446.65	90.05
Investing Activities	(226.93)	(160.14)
Financial Activities	(247.49)	97.07

3. Management Discussion and Analysis Report:

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2)

(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of this Annual Report.

4. Dividend:

The Board of Directors in its meeting held on 9th May, 2019 has recommended dividend of ₹ 17.50/- per share on the fully paid up Equity Shares of the Company.

5. Investor Education and Protection Fund (IEPF):

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government after the completion of seven years from the date of transfer to the Unpaid Dividend Account of the Company. The shareholders whose dividends have been transferred to the the IEPF Authority can claim their dividend from the Authority. The unclaimed or unpaid dividend relating to the financial year 2011-12 is due for remittance in the month of October, 2019. to Investor Education and Protection Fund established by the Central Government.

Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by shareholders for seven consecutive years or more shall also be transferred to the IEPF Authority. The Company has sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority and has also published requisite advertisement in the newspapers in this regard.

The details of these shares is also provided on the website of the Company at www.vardhman.com.

6. Consolidated Financial Statement:

In accordance with the Companies Act, 2013 & Indian Accounting Standards (Ind AS) 110 on 'Consolidated Financial Statements' read with Ind AS 111 on 'Joint Arrangements' and Ind AS 112 on 'Disclosure of Interest in other entities', the Audited Consolidated Financial Statements are provided in the Annual Report.

7. Subsidiaries, Joint Ventures and Associate Companies:

The Company does not have any material subsidiary. The details of the financials of the subsidiary and associate companies for the year 2018-19 are as follows:-

VMT Spinning Company Limited (VMT)

This 100% subsidiary of your Company is engaged in the business of manufacturing cotton and blended yarn. During the Financial Year 2018-19, VMT recorded Revenue from operations of ₹ 232.89 crore against ₹ 223.74 crore in the previous year. The Net Profit of the Company after comprehensive income worked out to ₹ 18.52 crore as compared to ₹ 1.78 crore in the previous year.

VTL Investments Limited (VTL)

This 100% subsidiary of your Company is engaged in the business of investment. The earnings of the company mainly comes from the dividend/interest earned on its investments and profits made on sale of investments. During the Financial Year 2018-19, VTL recorded Revenue from operations of ₹ 5.88 crore against ₹ 11.13 crore in the previous year. The Net Profit of the company worked out to ₹ 4.49 crore as compared to ₹ 10.24 crore during the previous year.

Vardhman Acrylics Limited (VAL)

This subsidiary of the Company is engaged in the business of manufacturing of Acrylic Fibre. Presently, the Company holds 70.74% shares in this subsidiary. During the Financial Year 2018-19, VAL recorded Revenue from operations of ₹ 391.97 crore against ₹ 326.97 crore in the previous year. The Net Profit of the Company after comprehensive income worked out to ₹ 33.65 crore as compared to ₹ 38.47 crore in the previous year.

Vardhman Nisshinbo Garments Company Limited (VNGL)

This subsidiary of the Company was a Joint Venture with Nisshinbo Textiles Inc., Japan for manufacturing men's shirts. During the year, your Company purchased the entire stake of its Joint Venture partners i.e. 49%. As such VNGL became a 100% subsidiary of the Company w.e.f. 23rd January, 2019. The Revenue from operations of the Company was ₹ 72.54 crore as compared to ₹ 59.81 crore in the previous year. The Company earned a Net profit of ₹ 1.29 crore as against ₹ 0.34 crore in the previous year.

Vardhman Yarns and Threads Limited (VYTL)

Vardhman Yarns and Threads Limited, Joint Venture with American & Efir Global, LLC (A&E), is an Associate of the Company. It is engaged in the business of threads manufacturing and distribution. Presently, the Company holds 11% stake in VYTL. A&E is the second largest player in threads manufacturing and distribution across the world. During the year under review, the Revenue from Operations were ₹ 851.13 crore as against ₹ 812.84 crore in the previous year registering an increase of 4.71%. The Net Profit for the year after comprehensive income worked out to ₹ 84.61 crore as compared to ₹ 84.43 crore during last year registering an increase of 0.21%.

Vardhman Special Steels Limited

Vardhman Special Steels Limited (VSSL) is an Associate of the Company. The Company holds 27.15% shares of VSSL. During the year, the Revenue from Operations of the company was ₹ 1,120.78 crore as compared to ₹ 877.89 crore in the previous year. The Net Profit for the year after comprehensive income worked out to ₹ 22.02 crore as compared to ₹ 24.74 crore in the previous year.

Vardhman Spinning & General Mills Limited

Vardhman Spinning & General Mills Limited (VSGM) is an Associate Company of the Company. The Company holds 50% shares of VSGM. It is a trading Company dealing in the business of Cotton and Fibre. During the year, the Company has not traded any goods. The Company has a total Income of ₹ 1.70 lakhs as against ₹ 0.65 lakhs in the previous year.

8. Directors:

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

Independent Directors: Mr. Prafull Anubhai, Dr. Subash Khanchand Bijlani and Mr. Ashok Kumar Kundra, were appointed as Independent Directors of the Company by the Members in their Annual General Meeting held on 24th September, 2014 for a term of consecutive five years till the conclusion of 46th Annual General Meeting. Since their term expires at the ensuing Annual General

Meeting, the Board of Directors in its meeting held on 9th May, 2019 recommended their re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting for a term of five consecutive years in case of Mr. Prafull Anubhai and three consecutive years in case of Dr. Subash Khanchand Bijlani and Mr. Ashok Kumar Kundra.

Additional Director: During the year, Mrs. Harpreet Kaur Kang was appointed as an Additional Director of the Company w.e.f. 6th February, 2019.

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 Directors appointment, payment of remuneration and discharge of their duties:

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

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

Familiarization programmes for Board Members:

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

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

Annual Evaluation of the Board Performance:

The meeting of Independent Directors of the Company for the calendar year 2018 was held on 12th November, 2018 to evaluate the performance of Non-Independent Directors, Chairperson 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, Chairperson and Board as a whole.

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

9. Key Managerial Personnel (KMP):

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

S.No.	Name	Designation
1.	S.P. Oswal	Chairman & Managing Director
2.	Rajeev Thapar	Chief Financial Officer
3.	Sanjay Gupta	Company Secretary

10. Number of Board Meetings:

During the year under review, the Board met seven (7) times and the intervening gap between any two meetings was within the period prescribed under the Companies Act, 2013. The details of Board Meeting are set out in Corporate Governance Report which forms part of this Annual Report.

11. Auditors and Auditors Report:

Statutory Auditors:

At the Annual General Meeting held on 22nd September, 2017, Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm registration No. 117366W/W-100018) ('Deloitte') were appointed as Statutory Auditors of the Company to hold office till the conclusion of 49th Annual General Meeting of the Company.

Further, the Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2019.

This Auditors' Report is self-explanatory and requires no comments.

Secretarial Auditor:

M/s B.K. Gupta & Associates, Company Secretary in Practice, were appointed as Secretarial Auditors of the Company by the Board of Directors of the Company in its meeting held on 12th May, 2018 for the financial year 2018-19.

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

Cost Auditor:

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

The Board of Directors has appointed M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company to conduct Cost Audit of the Accounts for the financial year ended 2019-20. However, as per the provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditors is subject to ratification by members at the Annual General Meeting. Accordingly, the remuneration to be paid to M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, for financial year 2019-20 is placed for ratification by the Members.

12. Audit Committee & Vigil Mechanism:

Composition of Audit Committee:

The Audit Committee consists of Mr. Prafull Anubhai, Dr. S.K. Bijlani, Mr. D.B. Jain, Mr. A.K. Kundra, Independent Directors and Mr. D.L. Sharma, Director. Mr. Prafull Anubhai is the Chairman of the Committee and Company Secretary of the Company is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism:

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013, the Company has established a "Vigil Mechanism" incorporating whistle blower policy in terms of 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/20b9bcdbd2cc01fde3e8e7d392d93573769de1941436265078.pdf

13. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the report on Corporate Governance.

14. Corporate Social Responsibility (CSR):

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

CSR Policy: The Corporate Social Responsibility (CSR) Policy of the Company indicating the activities to be undertaken by the Company, as approved by the Board, may be accessed on the Company's website at the link: https://www.vardhman.com/user_files/investor/d622b1c8d626fabfcec09e145cb1b4e9f4884761436264563.pdf

During the year, the Company has spent ₹ 12.21 crore 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 form part of this report as **Annexure III**.

15. Business Responsibility Report (BRR):

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandate the inclusion of the BRR as part of the Annual Report for top 500 listed entities based on market capitalization. In compliance with the Listing Regulations, we have integrated BRR disclosure into our Annual Report.

16. Dividend Distribution Policy (DDP):

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the top 500 listed companies are required to formulate a DDP. Accordingly, a DDP was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The policy is enclosed as **Annexure IV** to the Board's report and is also available on the Company's website at the link: https://www.vardhman.com/user_files/investor/Dividend%20Policy.pdf

17. 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: http://www.vardhman.com/user_files/a4c0a8b00e407cd507553ea7db7f06e89de1272a1436265025.pdf.

18. Internal Financial Controls:

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

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

19. Particulars of Contracts or Arrangements made with Related Parties:

All contracts/arrangements/transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

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/96c45534e3ab096d9bc682f8eebade0344f915151436264609.pdf.

Your Directors draw attention of the members to Note 46 to the standalone financial statement which sets out related party disclosures.

20. 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 standalone financial statement (Please refer to Note 4, 5, 9 and 12 to the standalone financial statement).

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

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

22. Annual Return:

Pursuant to the provisions of Section 134(3)(a) of Companies Act, 2013, the web address of the Annual Return of the Company is https://www.vardhman.com/user_files/investor/MGT-9%202018-19.pdf

23. Human Resources /Industrial Relations:

Human resource is considered as the most valuable of all resources available to the Company. The Company continues to lay emphasis on building and sustaining an excellent organization climate based on human performance. The Management has been continuously endeavoring to build high performance culture on one hand and amiable work environment on the other hand. As on 31st March, 2019, the Company employed around 19,308 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.

24. 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 form part of this report.

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

In terms of section 197(14) of the Companies Act, 2013, the Company does not have any Holding Company. However, the details regarding remuneration or commission received from any holding or subsidiary company of the Company by any Managing or Whole Time Director is annexed hereto and form part of this report.

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

25. 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.

26. Directors Responsibility Statement:

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

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;

- b. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended on 31st March, 2019;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis;
- e. the Internal financial controls has 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.

27. General Disclosures:

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

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

4. Change in nature of Business of Company.
5. No fraud has been reported by the Auditors to the Audit Committee or the Board.
6. There is no Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

Further, your Directors state that the Company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and there was no complaint filed under the said Act.

28. Vardhman Textiles Limited Employee Stock Option Plan, 2016:

The Company has granted options to its employees under Vardhman Textiles Limited Employee Stock Options Plan, 2016 (hereinafter referred as ESOP Plan). As per the terms of the plan, the Company can grant a maximum of 6,36,518 options to eligible employees from time to time. One option entitles the holder to apply for one equity share of the Company in terms of ESOP Plan. During the financial year 2018-19, 37,900 equity shares were allotted to the eligible employees. So, the paid up equity share capital of the Company stood increased to ₹ 57,47,81,600 as on 31st March, 2019.

The ESOP Plan of the Company is being implemented in accordance with SEBI (Share Based Employee

Benefits) Regulations, 2014 and the resolution passed by the shareholders approving the said plan. A certificate received from the Auditors of the Company in this regard would be available at the Annual General Meeting for the inspection by the Members.

The details as required to be disclosed are put on the Company's website and may be accessed at https://www.vardhman.com/user_files/investor/ESOP%20Disclosure%202018-19.pdf

29. 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 : 09.05.2019

(S.P. Oswal)
Chairman & Managing Director