

**32<sup>nd</sup> ANNUAL REPORT  
2015-16**

**GARG ACRYLICS LIMITED.**

## **COMPANY INFORMATION:**

### **BOARD OF DIRECTORS**

Sanjiv Garg	(Din No. 00217156)	(Chairman, Mg. Director)
Rajiv Garg	(Din No. 00444558)	(Managing Director)
Ujjwal Garg	(Din No. 01234439)	(Whole Time Director)
Pardeep Makkar	(Din No. 01259777)	(Independent Director)
Vijay Singhania	(Din No. 01234503)	(Independent Director)
Sahil Goyal	(Din No. 00148380)	(Independent Director)
Arun Sharma	(Din No. 00839359)	(Independent Director)
Ritu Joshi	(Din No. 07141537)	(Independent Director)

### **COMPANY SECRETARY**

Ridhima Sood

### **AUDITORS**

M/s DASS KHANNA & CO.  
Chartered Accountants  
B-XX-2815, IST Floor, Gurdev Nagar,  
Pakhawal Road, Ludhiana-141001

### **REGISTRAR & COMMON SHARE TRANSFER AGENT**

M/S Skyline Financial Services Pvt. Ltd.  
246, Ist Floor, Main Iskcon Temple Road,  
Sant Nagar, East of Kailash, New Delhi-110065

### **BANKERS**

Punjab and Sind Bank  
Punjab National Bank  
Oriental Bank of Commerce  
IDBI Bank Ltd  
Allahabad Bank  
Corporation Bank

### **REGISTERED OFFICE**

A-50/1 Wazirpur, Industrial Area,  
Delhi-52

### **CORPORATE OFFICE**

Kanganwal Road, V.P.O Jugiana,  
G.T Road, Ludhiana.  
Telephone: 0161-4692500  
Email: [gargacrylics@yahoo.com](mailto:gargacrylics@yahoo.com)

### **ANNUAL GENERAL MEETING**

On 30<sup>th</sup> Sept., 2016 at 11.00 a.m. at  
A-50/1 Wazirpur, Industrial Area,  
Delhi-52

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**GARG ACRYLICS LIMITED.**  
**(CIN NO. : - L74999DL1983PLC017001)**  
**A-50/1, Wazirpur, Industrial Area, Delhi-52**  
**Website: www.gargltd.com Email: - gargacrylics@yahoo.com**

**NOTICE**

Notice is hereby given that the 32nd Annual General Meeting of the members of Garg Acrylics Limited will be held on Friday the 30th day of September 2016 at 11:00 A.M. at the Registered Office A-50/1, Wazirpur Industrial Area, Delhi-52 to transact the following business:-

**ORDINARY BUSINESS:-**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016, Profit & Account and Cash Flow Statement for the year ended on that date together with reports of Directors & Auditors thereon.
2. To appoint a director in place of Mr. Ujjwal Garg (DIN 01234439) who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors and to fix their remuneration 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 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, M/s. Dass Khanna & Co., Chartered Accountants (Firm Registration No. 000402N), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as mutually agreed with the Managing Director of the Company.”

**SPECIAL BUSINESS:-**

4. 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 196, 197, 203 (1) (i) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and pursuant to the recommendation of Nomination and Remuneration committee, the consent of the shareholders be and is hereby accorded to the re-appointment of Mr. Sanjiv Garg (Din no. 00217156), Managing director of Company for a period of 5 years w.e.f. 01.01.2016 on the followings terms and conditions of remuneration :-

1. Salary: Rs. 150000/- per month (Rupees One Lac Fifty Thousand Only)  
With an annual increment @ 10% of basic salary.
2. Commission: NIL
3. Perquisites: The following perquisites will be allowed in addition to Salary subject to a maximum of Rs. 150000/- p.a.
  - i) Expenditure incurred/re-imbursed by Company on Gas, Electricity, Water & Furnishing will be subject to a ceiling of 10% of the salary.
  - ii) Medical re-imburement for self and the family subject to a ceiling of one month salary in a year or three months salary over a period of three years.
  - iii) Leave Travel Concession for self, spouse, dependant children and dependant parents once in a year to and from any place in India, subject to the condition that only actual fare and no hotel expenses will be allowed.
  - iv) Club Fees: Subject to a maximum of two clubs, admission and life membership will also be allowed.
  - v) Personal Accident Insurance: Premium not to exceed Rs. 10,000/- per annum.
  - vi) Gratuity payment shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs. 10,00,000/-.

**FURTHER:**

- No sitting fees will be paid for attending the meeting of Board of Director's or Committee thereof.
- In case of absence or inadequacy of profits in any financial year during the remaining period of his tenure, minimum remuneration as per Schedule V to the Companies Act, 2013 will be paid.
- Use of car for Company's business and telephone at residence for Company's business will be provided and personal long distance call and use of car for private purposes shall be billed by the Company to Managing Director.

**5. 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 196, 197, 203 (1) (i) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and pursuant to the recommendation of Nomination and Remuneration committee, the consent of the Shareholders be and is hereby accorded to the re-appointment of Mr. Rajiv Garg (Din no. 00444558), Managing director of Company for a period of 5 years w.e.f. 01.01.2016 on the followings terms and conditions of remuneration :-

1. Salary: Rs. 150000/- per month (Rupees One Lac Fifty Thousand Only)  
With an annual increment @ 10% of basic salary.
2. Commission: NIL
3. Perquisites: The following perquisites will be allowed in addition to Salary subject to a maximum of Rs. 150000/- p.a.
  - i) Expenditure incurred/re-imbursed by Company on Gas, Electricity, Water & Furnishing will be subject to a ceiling of 10% of the salary.
  - ii) Medical re-imburement for self and the family subject to a ceiling of one month salary in a year or three months salary over a period of three years.
  - iii) Leave Travel Concession for self, spouse, dependant children and dependant parents once in a year to and from any place in India, subject to the condition that only actual fare and no hotel expenses will be allowed.
  - iv) Club Fees: Subject to a maximum of two clubs, admission and life membership will also be allowed.
  - v) Personal Accident Insurance: Premium not to exceed Rs. 10,000/- per annum.
  - vi) Gratuity payment shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs. 10,00,000/-.

**FURTHER:**

- No sitting fees will be paid for attending the meeting of Board of Director's or Committee thereof.
- In case of absence or inadequacy of profits in any financial year during the remaining period of his tenure, minimum remuneration as per Schedule V to the Companies Act, 2013 will be paid.
- Use of car for Company's business and telephone at residence for Company's business will be provided and personal long distance call and use of car for private purposes shall be billed by the Company to Managing Director.

**6. 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 196, 197, 203 (1) (i) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification (s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies

Act, 2013 and pursuant to the recommendation of Nomination and Remuneration committee, the consent of the Shareholders be and is hereby accorded to the re-appointment of Mr. Ujjwal Garg (Din no. 01234439), Whole time director of Company for a period of 5 years w.e.f. 01.01.2016 on the followings terms and conditions of remuneration :-

1. Salary: Rs. 125000/- per month (Rupees One Lac Twenty Five Thousand only) With an annual increment @ 10% of basic salary.
2. Commission: NIL
3. Perquisites: The following perquisites will be allowed in addition to Salary subject to a maximum of Rs. 125000/- p.a.
  - i) Expenditure incurred/re-imbursed by Company on Gas, Electricity, Water & Furnishing will be subject to a ceiling of 10% of the salary.
  - ii) Medical re-imburement for self and the family subject to a ceiling of one month salary in a year or three months salary over a period of three years.
  - iii) Leave Travel Concession for self, spouse, dependant children and dependant parents once in a year to and from any place in India, subject to the condition that only actual fare and no hotel expenses will be allowed.
  - iv) Club Fees: Subject to a maximum of two clubs, admission and life membership will also be allowed.
  - v) Personal Accident Insurance: Premium not to exceed Rs. 10,000/- per annum.
  - vi) Gratuity payment shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs. 10,00,000/-.

**FURTHER:**

- No sitting fees will be paid for attending the meeting of Board of Director's or Committee thereof.
  - In case of absence or inadequacy of profits in any financial year during the remaining period of his tenure, minimum remuneration as per Schedule V to the Companies Act, 2013 will be paid.
  - Use of car for Company's business and telephone at residence for Company's business will be provided and personal long distance call and use of car for private purposes shall be billed by the Company to Whole time Director.
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution **as an Ordinary Resolution:-**

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and Companies Cost Audit rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Meenu & Associates, Cost Auditors, Ludhiana 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, 2017, be paid the remuneration of Rs. 50,000/- (Rs. Fifty Thousand Only).

**RESOLVED FURTHER THAT** Sh. Sanjiv Garg, Managing Director be and is hereby authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution.”

**FOR & ON BEHALF OF THE BOARD OF DIRECTORS**

PLACE: LUDHIANA  
DATED: 30.05.2016

(SANJIV GARG)  
MANAGING DIRECTOR  
DIN: 00217156

**NOTES:-**

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company. In order the proxies are effective it should be deposited with registered office of the company not less than forty-eight hours before the time of the meeting.
2. The Register of Members and Share Transfer Register of the company will remain closed from 29th September, 2016 to 30th September 2016 (Both days inclusive).
3. Members seeking any information with regard to Annual Accounts at the time of meeting are requested to send their queries to the company at least 7 days before the date of meeting so as to enable the management to keep the relevant information ready.
4. Members are requested to notify immediately any change in their address to the company/R.T.A.
5. The information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges regarding the directors seeking appointment/re-appointment in the Annual General Meeting as proposed in Item No. 2 of the notice is also being annexed hereto separately and forms part of this notice.
6. An explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to special business at the meeting is annexed hereto. Members are requested to bring their attendance slips along with their copy of Annual Report to the Annual General Meeting.

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102(1) OF THE COMPANIES ACT, 2013****ITEM NO. 4**

The Board of Directors in its meeting held on 28.12.2015 had re-appointed Mr. Sanjiv Garg (Din No. 00217156) Managing Director of Company for a period of 5 years w.e.f 01.01.2016. The terms & conditions of remuneration being paid to him are mentioned in the resolution. His appointment is subject to approval of shareholders of the company. Accordingly your approval is solicited.

**Memorandum of Interest:**

Save and except the above, Sh. Sanjiv Garg, the appointee himself, Sh. Rajiv Garg and Sh. Ujjwal Garg being the appointee's relatives, none of the directors of the company is in any way concerned or interested in this resolution.

**ITEM NO. 5**

The Board of Directors in its meeting held on 28.12.2015 had re-appointed Mr. Rajiv Garg (Din No. 00444558) Managing Director of Company for a period of 5 years w.e.f 01.01.2016. The terms & conditions of remuneration being paid to him are mentioned in the resolution. His appointment is subject to approval of shareholders of the company. Accordingly your approval is solicited.

**Memorandum of Interest:**

Save and except the above, Sh. Rajiv Garg, the appointee himself, Sh. Sanjiv Garg and Sh. Ujjwal Garg being the appointee's relatives, none of the directors of the company is in any way concerned or interested in this resolution.

**ITEM NO. 6**

The Board of Directors in its meeting held on 28.12.2015 had re-appointed Mr. Ujjwal Garg (Din No. 01234439) Whole Time Director of Company for a period of 5 years w.e.f 01.01.2016. The terms & conditions of remuneration being paid to him are mentioned in the resolution. His appointment is subject to approval of shareholders of the company. Accordingly your approval is solicited.

**Memorandum of Interest:**

Save and except the above, Sh. Ujjwal Garg, the appointee himself, Sh. Rajiv Garg and Sh. Sanjiv Garg being the appointee's relatives, none of the directors of the company is in any way concerned or interested in this resolution.

**ITEM NO. 7**

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. Upon the recommendations of Audit Committee, the Board of Directors in its meeting held on 30th May, 2016 had appointed M/s. Meenu & Associates, Cost Accountants (Firm Registration No. 100729) as Cost Auditors of the Company to conduct audit of cost records for Financial Year ending 31st March, 2017. The consent of the members is solicited for passing an Ordinary Resolution as set out at Item No. 7 of the notice for ratification of payment of remuneration to the Cost Auditors for the Financial Year ending 31st March, 2017. The Board recommends the Ordinary Resolution as set out at Item No. 7 of the Notice for approval by the shareholders.

**Memorandum of Interest:**

None of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

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

<b>Name of the Director</b>	<b>Sh. Sanjiv Garg</b>	<b>Sh. Rajiv Garg</b>	<b>Sh. Ujjwal Garg</b>
Date of Birth	10-11-1960	02-07-1966	08-09-1985
Date of Appointment	01-08-2010	28-09-1994	01-04-2006
Qualification	B.Com	B.Com	B.Tech (Textile)
Expertise in Specific Area	Industrialist & Business Experience of 35 years in Textile and Iron & Steel Industry.	Industrialist & Business Experience of 28 years in Textile and Iron & Steel Industry.	Business Experience of about 10 years in Textile Industry
Directorship in other Companies as on 31 <sup>st</sup> March, 2016	Pushpa Yarns Private Limited. Indo Global Infratech Private Limited Raja Devi Investment and Trading Co Pvt Ltd	Pushpa Yarns Private Limited. Entrepreneurs' Organization (Punjab). Confederation of Indian Textile Industry	-----
Chairman/ Member of Committees of other Companies as on 31 <sup>st</sup> March, 2016	-----	-----	-----
Shareholding in the Company	18100	18100	5100
Relationship With Other Director	Mr. Rajiv Garg is the brother and Mr. Ujjwal Garg is the son of Mr. Sanjiv Garg.	Mr. Sanjiv Garg is the brother and Mr. Ujjwal Garg is the brother's son of Mr. Rajiv Garg.	Mr. Sanjiv Garg is the Father and Mr. Rajiv Garg is the Father's brother of Mr. Ujjwal Garg.

**GARG ACRYLICS LIMITED.**  
**(CIN NO.:- L74999DL1983PLC017001)**  
**A-50/1, Wazirpur, Industrial Area, Delhi-52**  
**Website: www.gargltd.com Email: - gargacrylics@yahoo.com**

**DIRECTOR'S REPORT**

The Members of  
Garg Acrylics Limited

The Directors of your company have pleasure in presenting the 32<sup>nd</sup> Annual Report together with the Audited Accounts for the year ended March 31, 2016.

**1. FINANCIAL RESULTS:**

	(Rupees in Lacs)	
	2015-16	2014-15
Operating Income	125805.01	115579.59
Profit before depreciation	8829.38	8616.64
Depreciation	7427.26	7408.72
Profit before taxation	1402.12	1207.92
Provision for taxation		
- Current year tax	278.77	408.80
- Mat Credit Entitlement	165.76	0.00
- Deferred Tax Assets (Liabilities)	129.80	30.70
Profit after tax	1418.92	829.82
Balance brought forward	7577.57	7722.63
<b>Sub Total</b>	<b>8996.49</b>	<b>8552.45</b>
<b>Appropriations:</b>		
-Transferred to General Reserve	600.00	500.00
- Balance carrying amount of fixed assets*	0.00	474.88
-Balance carried over to Balance Sheet	8396.49	7577.57
<b>Sub Total</b>	<b>8996.49</b>	<b>8552.45</b>
<b>Earning per Share</b>		
- Basic	170.88	99.94
- Diluted	170.88	99.94
<b>Dividend per Share</b>	Nil	Nil

**2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

**A) BUSINESS REVIEW:**

**Economic Outlook:**

In 2015, global economic activity remained subdued as GDP grew at a modest 3.1% against 3.4% in 2014. Although, growth in emerging markets and developing economies – while still accounted for over 70% of global growth; it declined for the fifth consecutive year. While a modest recovery continued to transpire in advanced economies. Three key transitions continue to influence the global outlook: the gradual slowdown and rebalancing of economic activity in China – away from investment and manufacturing and towards consumption and services; lower prices for energy and other commodities; a gradual tightening in monetary policy in the US lead to a resilient recovery; several major economies continued to ease their monetary policies. Overall growth in China is evolving broadly as envisaged, but a faster-than-expected slowdown in imports and exports, reflects weakening investments and manufacturing activities. These developments, together with market concerns about the future performance of the Chinese economy, are spilling over to other economies through trade channels, weaker commodity prices, diminishing confidence and increasing volatilities in financial markets. Global GDP growth is projected at 3.4% in 2016 and 3.6% in 2017. Growth in advanced economies is projected to rise by 0.2 percentage points in 2016 to 2.1% and hold steady in 2017. Growth in emerging market and developing economies is projected to increase from 4% in 2015 – the lowest since the 2008–09 financial crisis – to 4.3% and 4.7% in 2016 and 2017, respectively.



India's economy expanded at a faster pace in 2015-16 despite a slowdown in GDP expansion in the third quarter of the fiscal under review. India's GDP growth stood at 7.6% in 2015-16 against 7.2% in 2014-15 catalyzed by a superior performance of the manufacturing sector (9.5% growth in 2015-16 against 5.5% in 2014-15). The growth in the manufacturing sector was due to a significant fall in input costs following the collapse of global commodity prices. India's economy recovery was also facilitated by other factors: a large gain in terms of trade (about 2.5% of GDP); implementation of positive policies by the Central Government and reduction in external vulnerabilities. The RBI policies helped contain demand pressures, created a buffer against external shocks and kept a check on the volatility of the rupee and inflation. According to the Economic Survey 2015-16, inflation measured by the Consumer Price Index (CPI), which averaged 6.5% in 2014-15, could decline to 5-5.5% in 2015-16. The slide in global oil prices since late 2014 boosted economic activity in India and underpinned a further improvement in the current account and fiscal positions. Looking ahead, the Economic Survey 2015-16 has projected GDP growth of 7-7.75% in 2016-17. According to the IMF, India continues to be the bright spot in an otherwise slowing global economy. It forecasts India's GDP growth at 7.5% in FY17 supported by stronger domestic demand.

#### **Cotton:**

India's cotton area contracted by 7% in 2015-16 while yield declined by 6% over 2014-15. As a result, production in India (for year 2015-16) fell by 13% to 5.61 million tonnes (330 lakh bales). Imports for the current season are expected to be 0.255 million tonnes (15 lac bales) compared to 0.245 million tons (14.39 lac bales) in 2014-15. Including the opening stock of 0.88 million tons (52 lac bales), the total supply of cotton in 2015-16 is estimated at 6.75 million tonnes (397 lac bales), nearly 7% less as compared to 7.27 million tonnes (427.39 lac bales) in 2014-15. On the demand side, consumption is expected to be 5.27 million tonnes (310 lac bales) in 2015-16 compared to 5.4 million tonnes (317.67 lac bales) in 2014-15. Cotton exports are projected to grow from 0.98 million tonnes (57.72 lac bales) in 2014/15 to 1.11 million tonnes (65 lac bales) in 2015-16. This will result in total demand moving up to 6.46 million tonnes (375 lac bales) in 2015-16 which will be similar to 2014-15. Closing stock in 2015-16 season is expected to be 0.459 million tonnes (27 lac bales).

#### **Company's Future Outlook:**

In the financial year 2016-17 except for certain debottleneck processes no major expansion has been planned.

### **B) FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:**

#### **Sales Review:**

During the year under review, your Company has registered Revenue from Operations of Rs.1258.05 crore as compared to Rs. 1155.80 crore showing an increase of 8.13% over the previous year owing to enhanced production and better product/market penetration. The exports of the Company were Rs. 473.47 crore as against Rs. 492.36 crore in the previous years.

#### **Production:**

The production of Yarn during the year 2015-16 is 51488.035 MT and the production of Garments during the same period is 2105960 pieces.

#### **Profitability:**

The Company earned profit before depreciation, interest and tax of Rs. 149.33 crore as against Rs. 154.37 crores in the previous year. After providing for depreciation of Rs. 74.27 crore (Previous year Rs. 74.08 crore), interest cost of Rs. 61.03 Crores (Previous Year Rs. 68.20 Crore), provision for tax Rs. 2.78 crore (Previous year Rs. 4.08 crore), provision for deferred tax (net of adjustments) Rs. (1.30) crore (previous year Rs. 0.30 crore), the net profit from operations worked out to Rs. 14.19 crore as compared to Rs. 8.29 crore in the previous year.

#### **Resources Utilization:**

##### **i) Fixed Assets:**

The fixed assets (including work-in-progress) as at 31st March, 2016 were Rs. 549.96 crore as compared to Rs. 528.48 crore in the previous year.

##### **ii) Current Assets:**

The current assets as on 31st March, 2016 were Rs. 569.95 crore as against Rs. 525.25 crore in the previous year. Inventory level was at Rs. 314.84 crore as compared to the previous year level of Rs. 288.64 crore.

### **C) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The company has a system of internal controls in place to ensure that all the transactions are properly recorded and authorised.

### **D) MANAGEMENT PERCEPTION OF RISK AND CONCERN:**

The textile business, like other businesses, is susceptible to various risks. The primary risk factor is raw material prices, mainly cotton, which is the largest component of cost. Since cotton is an agriculture produce, it suffers from climatic volatility in the major cotton producing countries. This in turn creates uncertainties for textile manufacturers. Another important issue is the availability, quality and price of power. The availability of good quality power at reasonable prices is critical for sustainability of the industry. However, the cost of power has been continuously increasing, adding to input cost pressure in the industry. The non -availability of skilled manpower along with high labour cost prevailing in the country is growing concern area for textile industry. We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements, diversification of products, rationalization of costs, training the workforce on the continued basis, improving efficiencies and creating a strong customer oriented approach.

### **E) HUMAN RESOURCES:**

The company is of firm belief that the Human Resources are the driving force that propels a company towards the progress and success. The company has strength of 3412 employees at present. The company is continuing its efforts for improvement in work culture wherein employees can contribute to their potential. The Industrial relations continued to remain cordial during the year under review.

### **3. SHARE CAPITAL:**

The paid up Equity Share capital as on 31<sup>st</sup> March, 2016 was Rs.20.83 Crores. During the year under review, the company has neither issued any shares nor granted stock options and sweat equity.

### **4. DIVIDEND:**

To conserve the financial resources for future growth of the company, the Board of Directors do not recommend any dividend for the year under review.

### **5. TRANSFER TO RESERVES:**

The Company has transferred Rs. 600.00 Lacs to reserves.

### **6. SUBSIDIARY, JOINT VENTURES & ASSOCIATE COMPANY:**

As on March 31, 2016, the Company does not have any Subsidiary, Joint Ventures & Associate Company.

### **7. MATERIAL CHANGES BETWEEN THE DATE OF BOARD REPORT AND END OF THE FINANCIAL YEAR:**

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

### **8. CHANGE IN NATURE OF BUSINESS:**

There is no change in the nature of the business of the company

### **9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo as required under Section 134 (3)(m) of The Companies Act, 2013 read with Companies (Disclosure of Particulars in the report of Directors) Rules 1988 is annexed and forms part of this report as **Annexure-I**.

## **10. PARTICULARS OF LOAN GIVEN, INVESTMENT MADE, GUARANTEE GIVEN:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## **11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All Related Party transactions entered during the financial year were on arm's length basis and in the ordinary course of business. There were no materially significant related party transactions with the Company's promoters, Directors, Management or their relatives, which could have any conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval. There was no material contract or arrangement or transactions with Related Party during the year. Thus, disclosure in Form AOC-2 is not required.

Your Directors draw attention of the members to Note 35 to the financial statement which sets out related party disclosures.

## **12. DEPOSITS:**

The Company has not invited/ accepted any deposits from the public during the year ended March 31, 2016. There were no unclaimed or unpaid deposits as on March 31, 2016.

## **13. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

The Re-appointment of Sh. Sanjiv Garg, Managing Director, Sh. Rajiv Garg, Managing Director and Sh. Ujjwal Garg, Whole time Director of the company for a further period of five years is put for confirmation by the members of the company in the ensuing annual general meeting. Further Sh. Ujjwal Garg, Whole time Director of the company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

None of Directors of the company is disqualified under Section 164(2) of the Companies Act, 2013.

## **14. DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

## **15. REMUNERATION POLICY:**

The Nomination & Remuneration Committee of the Company has formulated the Nomination & Remuneration Policy on Director's appointment. The remuneration policy 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 –II**.

## **16. AUDITOR & AUDITOR'S REPORT:**

M/s Dass Khanna & Co. Chartered Accountants, Ludhiana retires at the conclusion of ensuing Annual General Meeting. They have indicated their willingness to accept reappointment and have further confirmed their eligibility u/s 141 of the Companies Act, 2013. The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

## **17. SECRETARIAL AUDIT REPORT:**

M/s R.K. Loomba & Associates, Companies Secretaries in practice were appointed as a Secretarial Auditor of the Company by the board of directors for the financial year 2015-16. The Secretarial Auditor of the Company have submitted their report in Form No. MR-3 as required under Section 204 of Companies Act 2013 for the financial year ended 31<sup>st</sup> March, 2016. No adverse comments have been made in the said report by the Practicing Company Secretary. Their Report form parts of this Report as **Annexure-III**

## **18. COST AUDITORS:**

The Board of Directors has appointed M/s Meenu & Associates, Cost Accountants as the Cost Auditors of the Company to conduct Cost Audit of the Accounts for the financial year 2016-17. However, as per provisions of

Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditors is subject to ratification by members at the Annual General Meeting. Accordingly, the remuneration to be paid to M/s Meenu & Associates, Cost Accountants for financial year 2016-17 is placed for ratification by the members.

#### **19. NUMBER OF BOARD MEETINGS:**

Eleven (11) meetings of the Board of Directors of the company were held during the Financial Year 2015-16.

#### **20. AUDIT COMMITTEE:**

The Audit committee comprises of Independent Directors namely Mr. Pardeep Makkar (Chairman), Mr. Vijay Singhania and Mr. Arun Sharma as other members. Miss Ridhima Sood is the Secretary of the committee. All the recommendations made by audit committee were accepted by the board.

#### **21. CORPORATE GOVERNANCE:**

The Company has in place a system of Corporate Governance. 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.

#### **22. EXTRACT OF ANNUAL RETURN:**

The Extract of Annual Return in Form No. MGT-9 as per Section 134 (3) (a) of the Companies Act, 2013 read with Rule 8 of Companies Act (Accounts) Rules 2014 and Rule 12 of Companies (Management & Administration) Rules, 2014 duly certified by the Practicing Company Secretary is annexed hereto and forms part of this report as **Annexure-IV**.

#### **23. CORPORATE SOCIAL RESPONSIBILITY:**

The Corporate Social Responsibility Committee of the Company has formulated and recommended to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company, which has been approved by the Board. 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 - V**.

#### **24. STATEMENT OF PARTICULARS OF EMPLOYEES:**

None of the employee has received remuneration exceeding the limit as stated in rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Information pertaining to employees pursuant to section 134 of the Companies Act, 2013 is Nil.

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 as **Annexure-VI**.

#### **25. RISK MANAGEMENT POLICY:**

The Board of Directors in their meeting held on 14th August, 2014 had constituted Risk Management Committee of the Company. Thereafter, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 became effective from 1st December, 2015. These regulations provide for the obligation to constitute Risk Management Committee only on top 100 Listed Companies. Therefore, the Board of Directors in its meeting held on 30th May, 2016 approved dissolution of the Risk Management Committee of the Company w.e.f 30th May, 2016.

#### **26. VIGIL MECHANISM:**

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

## **27. INDUSTRIAL RELATIONS:**

The Industrial relations remained cordial through out the year and have resulted in sustained growth of the company.

## **28. ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS:**

The Board of Directors has evaluated the performance of the Board, its Committees and the Individual Directors as per the Nomination and Remuneration Policy. The Independent directors of the Company also review the performance of Non- Independent Directors and the Board.

## **29. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 134 (3) (c) & (5) of the Companies Act, 2013, the Directors report that:-

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) The Directors have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit/loss of the company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.
- v) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **30. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

## **31. LISTING:**

The company's equity shares are listed at The Delhi Stock Exchange Limited, DSE House 3/1 Asif Ali Road, New Delhi & the Ludhiana Stock Exchange Limited, Feroze Gandhi Market, Ludhiana. The listing dues upto financial year 2011-12 has been paid to both Stock Exchanges.

## **32. DEMATERIALISATION:**

M/s Skyline Financial Services Private Limited, New Delhi is the Registrar and Share Transfer Agent (RTA) of the company. All activities relating to company's listed securities physical and in Demat (form) are being undertaken by Skyline Financial Services Private Limited. The address & contact nos. are:-

M/S Skyline Financial Services Pvt. Ltd.  
246, 1st Floor, Main Iskcon Temple Road,  
Sant Nagar, East of Kailash,  
New Delhi- 110065.  
Tel: 26292680, 82, 83  
Fax: 26292681

The members are advised to send their shares to R.T.A.

### 33. ACKNOWLEDGEMENTS:

The Directors wish to extend their sincere thanks to State & Central Government Agencies, Financial Institution and Banks, Suppliers and Customers for their continued support and co-operation.

The Directors also wish to place on record their deep appreciation for the services rendered by the workers & staff at all levels.

**By order of the Board  
For GARG ACRYLICS LIMITED**

**PLACE: LUDHIANA  
DATED: 30.05.2016**

**(SANJIV GARG)  
MANAGING DIRECTOR  
DIN: 00217156**

### ANNEXURE-I

#### **Particulars of Energy Conservation, Technology Absorption and foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.**

Additional information as required under Section 134 (3)(m) of The Companies Act, 2013 read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 and forming part of the Director's Report for the year ended on 31<sup>st</sup> March, 2016.

#### **I. CONSERVATION OF ENERGY**

- |   |  |
|---|--|
| (a) the steps taken or impact on conservation of energy:                      | Conservation of energy has been given major priority during selection and approval of Plant & Machinery. In day-to-day operations, the company has always been conscious of the need to conserve energy and has always attempted various measures on suggestions of experts in the areas where reduction in energy and fuel & oil consumption is possible. |
| (b) the steps taken by the company for utilising alternate sources of energy: | Nil  |
| (c) the capital investment on energy conservation equipments:                 | Nil  |

#### **II. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

##### **1. Efforts made towards technology absorption:**

The latest technology has been adopted in the plant to get better product quality and to reduce consumption of scarce raw material and energy.

##### **2. Particulars of technology imported in last five years.**

- |  |      |
|--|------|
| a) Technology Imported :               | Nil  |
| b) Year of import:                     | N.A. |
| c) Has technology been fully absorbed: | N.A. |

##### **3. The expenditure incurred on Research and Development: NIL**

### III. FOREIGN EXCHANGE EARNING & OUTGO

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. There have been concentrated efforts to maintain and improve exports performance and to meet the need of end users.

<b>Foreign Exchange</b>	<b><u>Current Year</u></b>	<b><u>Previous Year</u></b>
Earned (FOB value of exports)	Rs. 4734663241.00	Rs. 4923628362.00
Used (CIF value of Imports)	Rs. 418478150.00	Rs. 308447544.00

**PLACE: LUDHIANA**  
**DATED: 30.05.2016**

**(SANJIV GARG)**  
**MANAGING DIRECTOR**  
**DIN: 00217156**

#### ANNEXURE-II

#### **Nomination & Remuneration Policy of the Company:**

##### **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 30<sup>th</sup> May, 2014.

##### **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 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 for 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. 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.

#### **8. 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.

#### **9. EFFECTIVE DATE:**

This policy will be effective from 30<sup>th</sup> May, 2014 and may be amended subject to the approval of Board of Directors.

#### **ANNEXURE-III**

#### **Form No. MR-3**

#### **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2016** *(Pursuant to section 204(1) of the Companies Act, 2013 and rules made thereunder)*

To,  
The Members,  
Garg Acrylics Limited  
Delhi

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

Based on my 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 hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2016 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 have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2016 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) Secretarial Standards on meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) issued by the institute of Company Secretaries of India and made effective from 1<sup>st</sup> July 2015.
- (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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the Listing Agreement entered into by the company with the Stock Exchanges in India.

I report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

The shares of the company are not being traded regularly as the trading platform at both Exchanges i.e. Delhi Stock Exchange (BSE) and Ludhiana Stock Exchange (LSE) are not functioning. The company has not complied with the provisions of Securities Contracts (Regulations) Act, 1956 as the Regional Stock Exchange - DSE has placed the company on the dissemination Board and the company is treated as unlisted company.

I further report that there were no action/ events in pursuance of;

1. 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;
2. The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008;
3. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
4. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

5. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
6. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
7. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

requiring compliance thereof by the company during the financial year.

I have checked Compliance Management System of the Company to obtain reasonable assurance about the adequacy of the systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis and based on the information provided by the company, its officers and authorised representatives during the conduct of the Audit and also on the review of Reports by respective department heads/ CS/ CEO taken on record by the whole time directors of the company in my opinion adequate system and processes and control mechanism exists in the company to monitor and ensure compliance with applicable General Laws like Labour Laws and Environmental Laws.

I further report that compliances by the company of applicable financial laws like Direct and Indirect Laws are not reviewed in this audit since the same have been subject to review by statutory financial audit and by other designated professionals.

I further report that Board of Directors of the company is duly constituted with proper balance of Executive, Non-executive and Independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance to all directors, 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.

As per the Minutes of the meetings duly recorded and signed by the Chairman the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that, there are adequate systems and process 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 further report that during the audit period there were no further specific events/ actions in pursuance of above referred laws, rules, regulations and guidelines etc. having a major bearing on the company's affairs.

Date: 30.05.2016  
Place: Ludhiana

Rajesh Kumar  
R. K. Loomba & Associates  
Company Secretaries  
FCS-3359 / CP-4029

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure 'A'

To,  
The Members  
Garg Acrylics Limited  
Delhi.

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

1. Maintenance of secretarial record 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 that 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. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of 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 of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date: 30.05.2016  
Place: Ludhiana

Rajesh Kumar  
R. K. Loomba & Associates  
Company Secretaries  
FCS-3359 / CP-4029

#### ANNEXURE-IV

**EXTRACT OF ANNUAL RETURN  
(FORM NO. MGT 9)  
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of  
the Company (Management & Administration) Rules, 2014.  
As on financial year ended on 31.03.2016**

<b>I. REGISTRATION &amp; OTHER DETAILS:</b>		
1	CIN	L74999DL1983PLC017001
2	Registration Date	22 November, 1983
3	Name of the Company	GARG ACRYLICS LIMITED
4	Category/Sub-category of the Company	Company Limited By Shares Indian Non Government Company
5	Address of the Registered office & contact details	A-50/1, Wazirpur Industrial Area, Delhi
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/S Skyline Financial Services Pvt. Ltd D-153A, First Floor, Okhla Industrial Area, Phase-1, New Delhi

<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>									
<b>(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)</b>									
<b>S. No.</b>	<b>Name and Description of main products / services</b>				<b>NIC Code of the Product/service</b>			<b>% to total turnover of the company</b>	
1	Cotton Yarn				5205			45.17%	
2	Blended Yarn				5509 ; 5206			23.04%	
<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>									
<b>SN</b>	<b>Name and address of the Company</b>			<b>CIN/GLN</b>	<b>Holding/ Subsidiary/ Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>		
<b>The Company has no holding, subsidiary and associate company.</b>									
<b>IV. SHARE HOLDING PATTERN</b>									
<b>(Equity share capital breakup as percentage of total equity)</b>									
<b>(i) Category-wise Share Holding</b>									
<b>Category of shareholders</b>	<b>No. of Shares held at the beginning of the year [As on 31-March-2015]</b>				<b>No. of Shares held at the end of the year [As on 31-March-2016]</b>				<b>% Change during the year</b>
	<b>Demat</b>	<b>Physical</b>	<b>Total</b>	<b>% of Total Shares</b>	<b>Demat</b>	<b>Physical</b>	<b>Total</b>	<b>% of Total Shares</b>	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	-	132,450	132,450	15.95%	-	132,450	132,450	15.95%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	-	334,960	334,960	40.34%	-	334,960	334,960	40.34%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	-	<b>467,410</b>	<b>467,410</b>	<b>56.29%</b>	-	<b>467,410</b>	<b>467,410</b>	<b>56.29%</b>	<b>0.00%</b>
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (2)</b>	-	-	-	<b>0.00%</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>
<b>TOTAL (A)</b>	-	<b>467,410</b>	<b>467,410</b>	<b>56.29%</b>	-	<b>467,410</b>	<b>467,410</b>	<b>56.29%</b>	<b>0.00%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital	-	-	-	0.00%	-	-	-	0.00%	0.00%

Funds									
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub-total (B)(1):-</b>	-	-	-	<b>0.00%</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	168890	168,890	20.34%	0	168890	168,890	20.34%	0.00%
ii) Overseas	-	-	-	0.00%	0	0	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	104,050	104,050	12.53%	0	104050	104,050	12.53%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	90,000	90,000	10.84%	0	90000	90,000	10.84%	0.00%
c) Others (specify)									
Non Resident Indians	-	-	-	0.00%	-	-	-	0.00%	0.00%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub-total (B)(2):-</b>	-	<b>362,940</b>	<b>362,940</b>	<b>43.71%</b>	-	<b>362,940</b>	<b>362,940</b>	<b>43.71%</b>	<b>0.00%</b>
<b>Total Public (B)</b>	-	<b>362,940</b>	<b>362,940</b>	<b>43.71%</b>	-	<b>362,940</b>	<b>362,940</b>	<b>43.71%</b>	<b>0.00%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>			-	0.00%				0.00%	0.00%
<b>Grand Total (A+B+C)</b>	-	<b>830,350</b>	<b>830,350</b>	<b>100.00%</b>	-	<b>830,350</b>	<b>830,350</b>	<b>100.00%</b>	<b>0.00%</b>

**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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	
1	ARUN NANDA	10	0.00%	0.00%	10	0.00%	0.00%	0.00%

2	VIMAL NANDA	10	0.00%	0.00%	10	0.00%	0.00%	0.00%
3	SUNIL NANDA	10	0.00%	0.00%	10	0.00%	0.00%	0.00%
4	RAVI NANDA	10	0.00%	0.00%	10	0.00%	0.00%	0.00%
5	RAJ NANDA	10	0.00%	0.00%	10	0.00%	0.00%	0.00%
6	JAGDISH.K.JAIN	10	0.00%	0.00%	10	0.00%	0.00%	0.00%
7	ARUN.K.AGGARWAL	10	0.00%	0.00%	10	0.00%	0.00%	0.00%
8	SANJIV GARG	18,100	2.18%	0.00%	18,100	2.18%	0.00%	0.00%
9	SANJIV GARG & SONS (HUF)	100	0.01%	0.00%	100	0.01%	0.00%	0.00%
10	D.P.GARG & SONS (HUF)	16,680	2.01%	0.00%	16,680	2.01%	0.00%	0.00%
11	PUSHPA DEVI	17,100	2.06%	0.00%	17,100	2.06%	0.00%	0.00%
12	RENU GARG	8,100	0.98%	0.00%	8,100	0.98%	0.00%	0.00%
13	NEELU GARG	7,100	0.86%	0.00%	7,100	0.86%	0.00%	0.00%
14	UJJWAL GARG	5,100	0.61%	0.00%	5,100	0.61%	0.00%	0.00%
15	RAJIV GARG	18,100	2.18%	0.00%	18,100	2.18%	0.00%	0.00%
16	RAJIV GARG & SONS (HUF)	100	0.01%	0.00%	100	0.01%	0.00%	0.00%
17	DAVINDER GARG & SONS (HUF)	100	0.01%	0.00%	100	0.01%	0.00%	0.00%
18	DAVINDER GARG	18,100	2.18%	0.00%	18,100	2.18%	0.00%	0.00%
19	VANEERA GARG	16,600	2.00%	0.00%	16,600	2.00%	0.00%	0.00%
20	TOSHAH GARG	7,100	0.86%	0.00%	7,100	0.86%	0.00%	0.00%
21	SHUBHAM YARNS PVT.LTD	187,190	22.54%	0.00%	187,190	22.54%	0.00%	0.00%
22	GAL COTTEX PVT.LTD	132,990	16.02%	0.00%	132,990	16.02%	0.00%	0.00%
23	PUSHPA YARNS PVT LTD	3,200	0.39%	0.00%	3,200	0.39%	0.00%	0.00%
24	GARG FINCAP LIMITED	11,580	1.39%	0.00%	11,580	1.39%	0.00%	0.00%

**(iii) Change in Promoters' Shareholding (please specify, if there is no change) – N.A**

**(iv) Shareholding Pattern of top ten Shareholders**

**(Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For each of the Top 10 shareholders	Shareholding at the beginning of the year (As on 31-Mar-2015)		Shareholding at the end of the year (As on 31-Mar-2016)		% Change in during the year
		No. of shares	% of total shares	No. of shares	% of total shares	
<b>Name</b>						
1	Himachal Yarns Limited	59,840	7.21%	59,840	7.21%	0.00%
2	Ashwani Aggarwal	45,000	5.42%	45,000	5.42%	0.00%
3	Sumit Aggarwal	45,000	5.42%	45,000	5.42%	0.00%
4	Apoorva leasing finance & Inv Co Ltd	30,000	3.61%	30,000	3.61%	0.00%
5	Shiva Spinfab Private ltd	26,800	3.23%	26,800	3.23%	0.00%
6	Brijeshwari Textiles Private ltd	21,000	2.53%	21,000	2.53%	0.00%
7	Shiv Narayan Investments Private ltd	16,250	1.96%	16,250	1.96%	0.00%
8	Balmukhi Textiles Private ltd	15,000	1.81%	15,000	1.81%	0.00%
9	Mange Ram	1,500	0.18%	1,500	0.18%	0.00%
10	Pritpal Singh	1,500	0.18%	1,500	0.18%	0.00%

<b>(v) Shareholding of Directors and Key Managerial Personnel:</b>						
SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (As on 31-Mar-2015)		Shareholding at the end of the year (As on 31-Mar-2016)		% Change in during the year
		No. of shares	% of total shares	No. of shares	% of total shares	
	Name					
1	Mr. Sanjiv Garg, MD	18,100	2.18%	18,100	2.18%	0.00%
2	Mr. Rajiv Garg, MD	18,100	2.18%	18,100	2.18%	0.00%
3	Mr. Ujjwal Garg, WTD	5,100	0.61%	5,100	0.61%	0.00%
4	Mr. Sahil Goyal, Director	-	-	-	-	-
5	Mr. Arun Sharma, Director	-	-	-	-	-
6	Mr. Vijay Singhania Director	-	-	-	-	-
7	Mr. Pardeep Makkar, Director	-	-	-	-	-
8	Mrs. Ritu, Director	-	-	-	-	-
9	Mr. Lovish Malhotra, CFO	-	-	-	-	-
10	Miss. Ridhima Sood, CS	-	-	-	-	-

<b>V. INDEBTEDNESS</b>					
<b>Indebtedness of the Company including interest outstanding/accrued but not due for payment.</b>					
Particulars	Secured Loans excluding deposits		Unsecured Loans	Deposits	Total Indebtedness (Amt. Rs./Lacs)
	Short Term	Long Term			
<b>Indebtedness at the beginning of the financial year</b>					
i) Principal Amount	31,711.14	37,622.58	304.96	-	69,638.68
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	234.88	-	-	234.88
<b>Total (i+ii+iii)</b>	<b>31,711.14</b>	<b>37,857.46</b>	<b>304.96</b>	<b>-</b>	<b>69,873.56</b>
<b>Change in Indebtedness during the financial year</b>					
* Addition	46.03	6291.57	2644.66	-	8982.26
* Reduction	-	5721.75	142.09	-	5863.84
Net Change	<b>46.03</b>	<b>569.82</b>	<b>2502.57</b>	<b>-</b>	<b>3118.42</b>
<b>Indebtedness at the end of the financial year-</b>					
i) Principal Amount	31757.17	38205.79	2761.31	-	72724.27
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	221.49	46.22	-	267.71
<b>Total (i+ii+iii)</b>	<b>31757.17</b>	<b>38427.28</b>	<b>2807.53</b>	<b>-</b>	<b>72991.98</b>

<b>VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>					
<b>A. Remuneration to Managing Director, Whole-time Directors and/or Manager:</b>					
SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
	Name	Mr. Sanjiv Garg	Mr. Rajiv Garg	Mr. Ujjwal Garg	(Rs/Lac)
	Designation	MD	MD	WTD	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1800000	1800000	1500000	5100000
	(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	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>1800000</b>	<b>1800000</b>	<b>1500000</b>	<b>5100000</b>
	<b>Ceiling as per the Act</b>	<b>10% of Net Profit</b>			

#### B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount (Rs/Lac)
		Mr. Sahil Goyal	Mr. Arun Sharma	Mr. Pardeep Makkar	Mr. Vijay Singhania	
<b>1</b>	<b>Independent Directors</b>					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify- Professional Fees As approved from Central Government	-	-	385,000	-	385,000
	<b>Total (1)</b>	-	-	<b>385,000</b>	-	<b>385,000</b>
<b>2</b>	<b>Other Non-Executive Directors</b>	<b>Mrs. Ritu Joshi</b>				
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	-	-	-	-	-
	<b>Total (B)=(1+2)</b>	-	-	<b>385,000</b>	-	<b>385,000</b>

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total (Rs/Lac)
		Mr. Lovish Malhotra, CFO	Miss Ridhima Sood, CS	
	<b>Name &amp; Designation</b>			
1	Gross salary	373725	319905	693630
	(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	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>373725</b>	<b>319905</b>	<b>693630</b>



<b>VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:</b>					
<b>Type</b>	<b>Section of the Companies Act</b>	<b>Brief Description</b>	<b>Details of Penalty / Punishment/ Compounding fees imposed</b>	<b>Authority [RD / NCLT/ COURT]</b>	<b>Appeal made, if any (give Details)</b>
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding				Nil	
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding				Nil	
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding				Nil	

**PLACE: LUDHIANA  
DATED: 30.05.2016**

**(SANJIV GARG)  
CHAIRMAN  
DIN: 00217156**

**ANNEXURE- V**

**Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2015-16:**

**1. Brief outline of CSR Policy:-** The thrust areas for CSR includes promotion of education, environment protection and energy conservation, development of human capital, rural development, women empowerment, any other project/ programme pertaining to activities listed in Rules.

**2. Composition of CSR Committee: -** The CSR Committee of the Company consists of:

- i) Mr. Sanjiv Garg - Chairman
- ii) Mr. Rajiv Garg - Member
- iii) Mr. Arun Sharma - Member

**3 Average net profit of the Company for last three financial years –** Rs. 24.26 crore

**4 Prescribed CSR Expenditure –** 0.48 crore

**5 Details of CSR spent during the year:**

- i) Total amount to be spent for the financial year: - 0.48 crore
- ii) Amount unspent, if any: - 0.48 crore
- iii) Manner in which the amount spent during the financial year: - Nil

**6 In case the Company has failed to spend two percent, reason thereof:-**

The company is exploring the option of Environment sustainability through development of Public roundabout/parks to be allotted by government organisation and Education development programmes and the CSR expenditure is expected to be incurred in the current financial year.

**SANJIV GARG  
CHAIRMAN  
DIN: 00217156**

## Annexure VI

The information required pursuant to Section 197 read with Rule 5 (1) and (2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is furnished hereunder:

(1) (i)

Name of the Director/KMP	Designation	Remuneration in Fiscal 2015 in lacs	% Increase in remuneration from previous year	Ratio of Remuneration to MRE*	Comparison of Remuneration of KMP against the performance of the Company	
					% of Net Profit	% of Turnover
Sh. Sanjiv Garg	Managing Director	18.00	-	7.35	1.28	0.014
Sh. Rajiv Garg	Managing Director	18.00	-	7.35	1.28	0.014
Sh. Ujjwal Garg	Whole Time Director	15.00	-	6.12	1.06	0.011
Mr. Lovish Malhotra	Chief Financial officer	3.74	-	1.52	0.26	0.002
Miss Ridhima Sood	Company Secretary	3.20	-	1.30	0.22	0.002

Note: For this purpose, sitting fees paid to the Directors have not been considered as remuneration.

\*MRE- Median Remuneration of Employee based on annualized salary. The expression “median” means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; (ii) if there is an even number of observations, the median shall be the average of the two middle values

(ii) The median remuneration of employees of the Company during the financial year was Rs. 2.45 lac p.a.;

(iii) In the financial year, there was an increase of 8% in the median remuneration of employees;

(iv) There were 3412 permanent employees on the rolls of the Company as on March 31, 2016;

(v) **Relationship between average increase in remuneration and Company performance:-**

The following factors are considered while giving increase in the remuneration:

- (a) Financial performance of the Company,
- (b) Comparison with peer companies, and
- (c) Industry benchmarking and consideration towards cost of living adjustment/ inflation.

(vi) **Comparison of remuneration of the Key Managerial Personnel(s) against the performance of Company: -**

For the financial year 2015-16 Key Managerial Personnel were paid 4.08 % and 0.046 % of the net profit and turnover respectively of the Company.

(vii) (a) **Variation in market capitalization of the Company:**

The Shares of the Company are not being traded regularly as the trading platforms at both the stock exchanges are not functioning. Thus the market capitalization as on March 31, 2016 was Nil.

(b) **Price Earnings ratio of the Company:**

The Shares of the Company are not being traded regularly as the trading platforms at both the stock exchanges are not functioning. Thus Price Earnings ratio of the Company was Nil as on March 31, 2016.

(c) **Percent increase or decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year: -**

There has not been any public offer by the Company in last year.

- (viii) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 8% whereas the percentile increase in the managerial remuneration for the same financial year was Nil.
- (ix) The key parameters for the variable component of remuneration availed by the Managing Director and whole time director is based on his performance and Company's performance
- (x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year :- Not applicable
- (xi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel, Senior Management Personnel and other employees.
- (2) Employed throughout the year and were in receipt of remuneration at the rate of not less than Rs. 60 lac per annum: - Nil**
- (3) Employed for a part of the financial year and separated, were in receipt of remuneration at the rate of not less than Rs. 5 lac per month:- Nil**

PLACE: LUDHIANA  
DATED: 30.05.2016

(SANJIV GARG)  
MANAGING DIRECTOR  
DIN: 00217156

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY

The company believes in and practices good Corporate Governance. The company's essential character is shaped by the very values of transparency, professionalism and accountability. The company continuously endeavors to improve on these aspects on an ongoing basis.

### 2. BOARD OF DIRECTORS

The Board of Directors along with its committees provide leadership and guidance to Company's management as also direct, supervise and control the performance of the Company. The Company has a broad mix of Independent & Non Independent directors. The Board currently comprises of 8 directors out of which 5 are independent non executive directors and all the independent Directors have confirmed that they meet 'independence' criteria as mentioned under the existing clause 49 of the Listing Agreement and Section 149 of the Act. The composition and category of Directors as on 31<sup>st</sup> March, 2016 are as follows:-

Category	Name of Directors
Promoter/Executive Directors	Mr. Sanjiv Garg Mr. Rajiv Garg Mr. Ujjwal Garg
Independent/Non-Executive Directors	Mr. Pardeep Makkar Mr. Vijay Singhania Mr. Sahil Goyal Mr. Arun Sharma Mrs. Ritu

Attendance of each director at the Board Meeting, last Annual General Meeting and number of other directorship and chairmanship/membership of Committee of each Director in various companies.

Name of Director	Attendance Particulars		No. of other Directorship and Committee membership/ Chairmanship		
	Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Rajiv Garg	11	Present	3	None	None
Mr. Ujjwal Garg	11	Present	None	None	None
Mr. Sanjiv Garg	11	Present	3	None	None
Mr. Pardeep Makkar	11	Present	None	None	None
Mr. Vijay Singhanian	11	Present	2	None	None
Mr. Sahil Goyal	11	Present	4	None	None
Mr. Arun Sharma	11	Present	3	None	None
Mrs. Ritu	11	Present	None	None	None

Mr. Sanjiv Garg, Mr. Rajiv Garg and Mr. Ujjwal Garg are related among themselves, none of the other director is related to any other Director of the company.

During the financial year 2015-16, the Board of Directors met 11 times on the following dates 14-05-2015, 30-05-2015, 14-08-2015, 01-09-2015, 28-10-2015, 14-11-2015, 28-12-2015, 19-01-2016, 13-02-2016, 10-03-2016 & 31-03-2016.

### Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a system has been put in place to carry out performance evaluation of the Board, its Committees and individual directors. An appraisal format has been devised covering various aspects of the Board's functioning such as adequacy of composition of the board and its Committees, board process, culture and accountability etc. Similarly, a separate format is also formulated for carrying out evaluation of the performance of individual Directors including the Chairman of the Board, which inter-alia include parameters such as level of engagement and contribution, understanding of industry and global trends, and independence of judgement etc.

### Board Familiarization Programme

At the time of appointing a Director, a formal letter of appointment is given to him / her, which inter alia explains the role, functions, duties and responsibilities expected from him / her as a Director of the Company. The Director is also explained in detail the compliance required from him / her under the Companies Act, 2013, Clause 49 of the Listing Agreement and other relevant regulations.

The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him / her to effectively fulfill his / her role as Director of the Company. The details of familiarization programmes have been posted on the website of the Company.

### 3. COMMITTEES OF BOARD

Currently the Board has Five Committees: the Audit Committees, Stakeholders Relationship Committee (Shareholders Grievance Committee), Nomination and Remuneration Committee, Corporate Social Responsibility Committee & Risk Management Committee.

#### a) AUDIT COMMITTEE

The Audit Committee comprises of three non-executive director's viz. Shri Pardeep Makkar as Chairman, Shri Vijay Singhanian and Sh. Arun Sharma as members. The broad terms of reference of the Audit committee includes to discuss the reports of Statutory Auditors, Internal Auditors as well as Cost Auditors of the company. The appointment of Statutory and Cost Auditors are recommended by the Audit Committee. All the financial statements of the company are first reviewed by the Audit Committee before presentation to the Board of Directors. Audit Committee also reviews the company's financial and risk management policies, management discussion and analysis of financial condition, results of operations and statement of significant related party transactions at periodic basis.

#### Meeting & Attendance

The Audit Committee met five times during the year on 14-05-2015, 30-05-2015, 14-08-2015, 14-11-2015, 28-12-2015 and 13-02-2016 and all the members of the Audit Committee have attended all the meetings.

## b) NOMINATION AND REMUNERATION COMMITTEE

The remuneration committee comprises of three non-executive director's viz. Shri Pardeep Makkar as Chairman, Shri Vijay Singhania and Sh. Arun Sharma as members. The broad terms of reference of the Remuneration Committee include recommendation to the Board on salary/perquisites, commission and retirement benefits and finalization of the perquisite package payable to the company's Whole-time/ Executive Directors & KMP. The remuneration policy of the company is directed towards rewarding performance based on review of achievement on periodic basis.

### Meeting & Attendance

The Audit Committee met two times during the year on 30-05-2015 & 28-12-2015 and all the members of the Committee have attended the meeting.

### Detail of Remuneration paid to the Directors during the financial year is as given below:-

#### (i) Executive Directors

Sr.	Name	Designation	Salary (In Rs)	Monitory Value of Non-Cash Perks (In Rs)	Total (In Rs)
1.	Mr. Sanjiv Garg	Managing Director	1800000/-	39600/-	1839600/-
2.	Mr. Rajiv Garg	Managing Director	1800000/-	39600/-	1839600/-
3.	Mr. Ujjwal Garg	Whole-Time Director	1500000/-	39600/-	1539600/-

#### (ii) Non Executive Directors

Mr. Pardeep Makkar Chartered Accountant has been paid professional fee of Rs. 385000. Other non executive directors have not been paid any remuneration /Sitting fees during the year.

## c) STAKEHOLDER RELATIONSHIP COMMITTEE

To specifically look after the share transfer work and to look into the redressal of complaints like transfer of shares, non-receipt of annual report and non-receipt of dividend etc., the company has set up a Stakeholder Relationship Committee (Shareholders/Investor Grievance Committee). The committee consists of three members viz. Sh. Pardeep Makkar, Director, as the Chairman and Sh Vijay Singhania and Sh. Rajiv Garg Directors as members.

The Board has designated Miss Ridhima Sood, Company Secretary as Compliance Officer. The total numbers of letters/complaints received and replied to the satisfaction of shareholders during the year ended 31st March 2016 were Nil. No requests for transfer/dematerialization were pending for approval as on 31<sup>st</sup> March, 2016.

### Meeting & Attendance

The Stakeholder Relationship Committee met once during the year on 30-05-2015 and all the members of the Stakeholder Relationship Committee have attended the meeting.

## d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of Company Act, 2013, the Company constituted "Corporate Social Responsibility Committee". The Committee comprises of two executive directors & one independent director as follow:-

Sr.	Name	Nature of Directorship	Status In Committee
1.	Mr. Sanjiv Garg	Executive Director	Chairman
2.	Mr. Rajiv Garg	Executive Director	Member
3.	Mr. Arun Sharma	Independent Director	Member

The purpose of the committee is to formulate and monitor the CSR policy of the Company.

### Meeting & Attendance

The Corporate Social responsibility Committee met once during the year on 30-05-2015 and all the members of the Corporate Social responsibility Committee have attended the meeting.

#### e) RISK MANAGEMENT COMMITTEE

Pursuant to amended clause 49 (VIC) of the Listing Agreement, the Company constituted "Risk Management Committee" with the following members:

Sr.	Name	Nature of Directorship	Status In Committee
1.	Mr. Pardeep Makkar	Independent Director	Chairman
2.	Mr. Vijay Singhanian	Independent Director	Member
3.	Mr. Arun Sharma	Independent Director	Member

The purpose of the committee is to assist the Board in fulfilling its corporate governance duties by overseeing the responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks. The committee has the overall responsibility of monitoring and approving the risk policies and associated practices of the Company. The risk management committee is also responsible for reviewing and approving risk disclosure statements in any public documents or disclosures.

#### f) WHISTLE BLOWER POLICY/ VIGIL MECHANISM

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. Sh. Rajiv Garg, Director of the company appointed as Vigilance Officer to hear the grievances of the employees and take steps to resolve the issues amicably and report the same to the Chairman of the Company. During the year under review, no employee was denied access to the Committee.

#### 4. SHAREHOLDING OF THE DIRECTORS AS ON 31<sup>ST</sup> MARCH 2016

The shareholding of the Directors in the equity share capital of the company is given hereunder:-

<u>Name of the Director</u>	<u>Number</u>
Mr. Sanjiv Garg	18100
Mr. Rajiv Garg	18100
Mr. Ujjwal Garg	5100

No other Directors holds any shares in the Equity Capital of the Company.

#### 5. GENERAL BODY MEETINGS

The detail of General Body Meeting held during last three financial years are given hereunder:-

Type of Meeting	Date	Location of Meeting	Time
		Registered Office, at 209, M.G. House, Community Centre, Wazirpur Industrial Area, Delhi-52	
31 <sup>st</sup> AGM	30.09.2015	-do-	11.00 A.M
EGM	27.12.2014	-do-	11.00 A.M
30 <sup>th</sup> AGM	30.09.2014	-do-	11.00 A.M
EGM	25.03.2014	-do-	11.00 A.M
29 <sup>th</sup> AGM	28.09.2013	-do-	11.00 A.M
EGM	19.07.2013	-do-	11.00 A.M
EGM	11.03.2013	-do-	11.00 A.M.

The company has not passed any resolution through Postal Ballot during the financial year 2015-16.

#### 6. INDEPENDENT DIRECTOR'S MEETING

During the year, the Independent Directors met on 31<sup>st</sup> March, 2016 to

- Review the performance of Non-Independent Directors and the Board as a whole.
- Review the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Evaluate the quality, quantity and timeliness of flow of information between the Company Management and the board that is necessary for the Board to effectively and reasonably perform their duties.

## 7. DISCLOSURES

During the year, there was no material/significant transaction with the directors or the management, or relatives etc that have any potential conflict with the interest of the company at large. Also there has not been any non-compliance by the company in respect of which penalties or strictures were imposed by the Stock Exchange or SEBI or any other statutory authority during the last three years. The management has not denied any Personnel access to Audit Committee of the company (in respect of matters involving alleged misconduct) and that it has provided protection to whistle blowers from unfair termination and other unfair prejudicial employment practices.

Further, the company has complied with all mandatory requirement of clause 49 of the listing Agreement. The company may also take up the non-mandatory requirements of clause 49 in due course of time.

## 8. MEANS OF COMMUNICATION

The company communicates with the shareholders at large through its Annual Reports, disclosures of financial results and by filing of various reports with the statutory bodies like stock exchanges and the Registrar of Companies.

The management discussion & analysis forms part of Annual Report, which is mailed to the shareholders of the company.

## 9. GENERAL SHAREHOLDER INFORMATION

- (i) 32<sup>nd</sup> Annual General Meeting  
Date: 30<sup>th</sup> September 2016  
Time: 11.00 A.M.  
Venue: Registered Office:  
A-50/1, Wazirpur Industrial Area, Delhi-52
- (ii) Financial Calendar 2016-17 (Tentative)  
First Quarter Results : August, 2016  
Second Quarter Results : November, 2016  
Third Quarter Results : February, 2017  
Fourth Quarter Results : May, 2017
- (iii) Date of Book Closure : 29.09.2016 to 30.09.2016
- (iv) Dividend Payment Due : Within 30 days after declaration.
- (v) Listing: The Securities of the company are listed on the following Stock Exchanges:-
  - 1. The Delhi Stock Exchange Ltd. (DSE)  
DSE House, 3/1 Asaf Ali Road,  
New Delhi-110002
  - 2. The Ludhiana Stock Exchange Ltd. (LSE) –  
Feroze Gandhi Market,  
Ludhiana- 141001.

The listing dues upto financial year 2011-12 has been paid to DSE & LSE.

- (vi) Stock Code:
  - 1. The Ludhiana Stock Exchange Ltd. (LSE) -
  - 2. The Delhi Stock Exchange Ltd. (DSE) - 4396
- (vii) Stock Market price data for the year 2015-16  

Due to non-functioning of trading platform at the two stock exchanges, the company's shares have not been traded during the financial year 2015-16, as such information about stock price data is nil.
- (viii) Registrar & Transfer Agent  

The work related to share transfer registry in terms of both physical and electronic mode is being dealt at Single Point with M/s Skyline Services Private Ltd. New Delhi. The address is given below:-

M/S Skyline Financial Services Pvt. Ltd.  
D-153A, First Floor,  
Okhla Industrial Area,  
Phase-1, New Delhi-110065.  
Tel: 011-26812682-83  
Fax: 011-1126292681

(ix) Share Transfer System

The company's shares are dealt in the Stock Exchanges compulsorily in demat mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within the stipulated time.

(x) Compliance Officer

Miss Ridhima Sood

(xi) Distribution of shareholding as on 31st March, 2016

Range No. of Shares	Shareholders Numbers	Shareholders % of Total	Shares Numbers	Shares % of Total
Upto 500	121	47.64	19420	2.34
501 to 1000	102	40.16	73100	8.80
1001 to 2000	9	3.54	11900	1.43
2001 to 3000	0	0	0	0
3001 to 4000	1	0.39	3200	0.39
4001 to 5000	0	0	0	0
5001 to 10000	4	1.58	27400	3.30
10001 & Above	17	6.69	695330	83.74
<b>Total</b>	<b>254</b>	<b>100.00</b>	<b>830350</b>	<b>100.00</b>

(xii) Dematerialization of Shares

As on 31.03.2016 Nil Equity Shares were dematerialized.

(xiii) Plant Locations

: Kanganwal Road, V.P.O. Jugiana, G.T. Road, Ludhiana, Punjab  
: Village Paddi, Sahnewal Delhon Road, G.T.Road, Ludhiana, Punjab  
: Village Jeau Singh Walla, Talwandi Saboo, District Bathinda, Punjab

(xiv) Address for Correspondence:-

Regd. Office : A-50/1, Wazirpur Industrial Area, Delhi-52.  
Corporate Office : Kanganwal Road, V.P.O. Jugiana,  
G.T. Road, Ludhiana-141120  
Telephone : 0161-4692500  
Fax : 0161-2510084  
Email : gargacrylics@yahoo.com

**DECLARATION**

I Sanjiv Garg, Managing Director of Garg Acrylics Limited declare that all Board members and senior Management Personal have affirmed compliance with code of conduct for Board & Senior Management personal for the year ended 31st March 2016.

**Place: LUDHIANA.**  
**Date: 30-05-2016**

**SANJIV GARG**  
**MANAGING DIRECTOR**  
DIN: 00217156



Auditors Certificate on Compliance of Corporate Governance under Corporate Governance Clause of the Listing Agreement (s)

To  
The Members of  
Garg Acrylics Limited

We have examined the compliance of conditions of corporate governance by Garg Acrylics Limited for the year ended on March 31, 2016 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges and as per the relevant applicable provisions of the SEBI (Listing obligations and disclosure requirements) Regulation, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us based on the representations made by the directors and management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned listing agreement/SEBI (Listing obligations and disclosure requirements) Regulation, 2015, as applicable.

We further 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 DASS KHANNA & CO.  
CHARTERED ACCOUNTANTS  
(Registration No. 000402N)

Place: Ludhiana  
Dated: 30-05-2016

Rakesh Soni  
Partner  
M.N. 83142

## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of GARG ACRYLICS LIMITED.**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of GARG ACRYLICS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Profit and Loss Statement and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of the 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 judgements 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 financial statements that give a true and fair view and are free from material misstatement fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of 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 Companies Act, 2013 ("the Act"). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the company as at 31st March 2016 and its profits and its cash flow for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 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 purpose 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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014
  - e) On the basis of written representations received from the directors as on 31st March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013; and
  - f) Report on Internal Financial Controls under Clause(i) of sub section 3 of Section 143 of the Companies Act, 2013 ("the Act")- is enclosed as Annexure-B to this Report
  - 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 does not have any pending litigations which would impact its financial position.
    - ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For DASS KHANNA & CO.**  
CHARTERED ACCOUNTANTS  
(Firm Regn. No. 000402N)

Place: Ludhiana  
Dated: 30-05-2016

RAKESH SONI  
PARTNER.  
Membership No. 83142

## **Annexure-A to Auditors' Report**

### **Garg Acrylics Limited- Financial Year ended 31-03-2016**

**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) All the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- (c) The title deeds of immovable property are held in the name of the Company.
- (ii) The inventories have been physically verified by the management in a phased Periodical manner, which in our opinion are reasonable and adequate in relation to the size of the Company and the nature of its business. Accordingly to information and explanation given to us no material discrepancies were noticed on such physical verification.
- (iii) In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability, Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Accordingly the provisions of Clause iii (a),(b) & (c) of the Companies (Auditor's Report) Order 2016 are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has not granted loans or provided any guarantee or security to the party covered under section 185 of the Act. However, in respect of investments, the company has complied with provisions of section 186 of the Act.
- (v) The Company has not accepted deposits within the meaning of Section 73 to 76 or other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 (1) of the companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (vii) (a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax / value added tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears, as at 31.03.2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of sale tax / value added tax, income tax, customs duty, excise duty, cess and service tax which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of Loans or borrowings to financial institutions/banks & Government.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised. However, the company has not raised any money by initial public offering (IPO) and further public offering (FPO) during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the company by its officer or employees has been noticed or reported during the course of audit.
- (xi) According to the information and explanations given to us, Managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements, as required by the applicable accounting standards
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year under review
- (xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him
- (xvi) According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

**For DASS KHANNA & CO.**  
CHARTERED ACCOUNTANTS  
(Firm Regn. No. 000402N)

Place: Ludhiana  
Dated: 30-05-2016

RAKESH SONI  
PARTNER.  
Membership No. 83142

## **Annexure-B to Auditors' Report**

### **Garg Acrylics Limited- Financial Year ended 31-03-2016**

**Referred to in paragraph 2 (f) under the heading of "Report on other legal and Regulatory requirements" of our report of even date.**

### **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 GARG ACRYLICS LIMITED ("the Company"), as of 31st March, 2016 in conjunction with our audit of the financial statements of the company for the year ended on that date.

#### **Management's Responsibility for the Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company. These responsibilities includes 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 Guidance Note on Audit of internal financial controls over financial reporting ("the Guidance Note") and standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013 ("the Act") to the extent applicable to an audit of Internal financial controls, both applicable to an audit of internal financial controls and both issued by Institute of Chartered Accountants of India. Those Standards and 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 internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting including 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 Auditor's Judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

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

- 2 Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3 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 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 to be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to risk that the internal financial controls 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal financial controls over financial reporting criteria established by the Company.

**For DASS KHANNA & CO.**  
CHARTERED ACCOUNTANTS  
(Firm Regn. No. 000402N)

Place: Ludhiana  
Dated: 30-05-2016

RAKESH SONI  
PARTNER.  
Membership No. 83142

**GARG ACRYLICS LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2016**

Particulars	Notes	AS AT		AS AT	
		March 31, 2016		March 31, 2015	
		(Rs.	P)	(Rs.	P)
<b>I EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' Funds</b>					
Share Capital	3	208303500.00		208303500.00	
Reserves and Surplus	4	<u>2522805797.84</u>		2380913905.44	
			<b>2731109297.84</b>	<b>2589217405.44</b>	
<b>2 Non-Current Liabilities</b>					
Long-term borrowings	5	3477071799.61		3213561430.76	
Deferred tax liabilities (Net)	6	151808776.00		164789305.00	
Long-term provisions	7	<u>20925523.00</u>		16474599.00	
			<b>3649806098.61</b>	<b>3394825334.76</b>	
<b>3 Current Liabilities</b>					
Short-term borrowings	8	3175717549.70		3171114339.08	
Trade Payables	9	809875651.75		598507844.76	
Other current liabilities	10	898545848.14		830886432.34	
Short-term provisions	7	<u>24032937.66</u>		12198128.70	
			<b>4908171987.25</b>	<b>4612706744.88</b>	
<b>TOTAL</b>			<b><u>11289087383.70</u></b>	<b><u>10596749485.08</u></b>	
<b>II ASSETS</b>					
<b>1 Non-current assets</b>					
Fixed assets					
i) Tangible assets	11	5441944617.25		5143462868.41	
ii) Intangible assets		595708.00		0.00	
iii) Capital Work-in-Progress		57044812.00		141333837.40	
Non-current investments	12	395820.00		173520.00	
Long term loans and advances	13	<u>89558870.41</u>		59242603.49	
			<b>5589539827.66</b>	<b>5344212829.30</b>	
<b>2 Current assets</b>					
Current investments	14	2041479.49		1428043.32	
Inventories	15	3148381243.00		2886398321.00	
Trade receivables	16	1544742354.67		1449788684.27	
Cash and Cash Equivalents	17	94394145.99		138935411.39	
Short Term Loans and advances	13	562642597.89		444391750.08	
Other Current Assets	13	<u>347345735.00</u>		331594445.72	
			<b>5699547556.04</b>	<b>5252536655.78</b>	
<b>TOTAL</b>			<b><u>11289087383.70</u></b>	<b><u>10596749485.08</u></b>	

The accompanying notes are forming part of the financial statements. 1 to 44

Subject to our separate Report of even date

For and on behalf of the Board of Directors

**FOR DASS KHANNA & CO**  
Chartered Accountants

**-sd-**  
Rajiv Garg  
Mg. Director

**-sd-**  
Ujjwal Garg  
Wholetime Director

Rakesh Soni  
Partner

**-sd-**  
Lovish Malhotra  
Chief Financial Officer

**-sd-**  
Ridhima Sood  
Company Secretary

Place : Ludhiana  
Dated : 30-05-2016



**GARG ACRYLICS LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	Notes	Year Ended	
		March 31, 2016 (Rs. P)	March 31, 2015 (Rs. P)
<b>I Revenue from operations (Gross)</b>		<b>12580501153.00</b>	11557959228.00
Less: Excise Duty		<b>2943974.00</b>	1143332.85
Revenue from operations (Net)	18	<b>12577557179.00</b>	11556815895.15
<b>II Other income</b>	19	<b>34515949.15</b>	50391438.01
<b>III Total Revenue (I+II)</b>		<b>12612073128.15</b>	11607207333.16
<b>IV Expenses</b>			
Cost of Raw Materials Consumed	20	<b>6780983046.36</b>	6930733393.36
Purchases of Stock-in-Trade	21	<b>1847923492.00</b>	784549551.10
Changes in inventories of finished goods, Work in progress and Stock-in-Trade	22	<b>-106452539.00</b>	-1975472.00
Employees Benefits Expenses	23	<b>490283117.00</b>	437426148.00
Finance Costs	24	<b>638612105.93</b>	712929683.23
Depreciation	25	<b>742726155.81</b>	740872099.44
Other Expenses	26	<b>2077786164.35</b>	1881879560.75
<b>Total Expenses</b>		<b>12471861542.45</b>	11486414963.88
<b>V Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>140211585.70</b>	120792369.28
<b>VI Exceptional &amp; extra ordinary Items</b>		<b>0.00</b>	0.00
<b>VII Profit before tax (V+VI)</b>		<b>140211585.70</b>	120792369.28
<b>VIII Tax Expense</b>	27		
Current Tax		<b>27876895.30</b>	40880813.00
Mat Credit Entitlement		<b>16576673.00</b>	0.00
Deferred Tax Asset		<b>12980529.00</b>	3070474.00
<b>IX Profit (Loss) for the year from continuing operations (VII - VIII)</b>		<b>141891892.40</b>	82982030.28
<b>X Profit (Loss) from discontinuing operations</b>		<b>0.00</b>	0.00
<b>XI Profit (Loss) for the year (IX + X)</b>		<b>141891892.40</b>	82982030.28
<b>XII Earnings per equity share</b>	28		
Basic		<b>170.88</b>	99.94
Diluted		<b>170.88</b>	99.94
The accompanying notes are forming part of the financial statements.	1 to 44		

Subject to our separate Report of even date

For and on behalf of the Board of Directors

**FOR DASS KHANNA & CO**  
Chartered Accountants

**-sd-**  
Rakesh Soni  
Partner

Place : Ludhiana  
Dated : 30-05-2016

**-sd-**  
Rajiv Garg  
Mg. Director

**-sd-**  
Lovish Malhotra  
Chief Financial Officer

**-sd-**  
Ujjwal Garg  
Wholetime Director

**-sd-**  
Ridhima Sood  
Company Secretary

**GARG ACRYLICS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

	Year Ended March 31, 2016 (Rs. P)	Year Ended March 31, 2015 (Rs. P)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit(Loss) before tax and extra ordinary items	140211585.70	120792369.28
<b>Adjustment for :</b>		
- Depreciation	742726155.81	740872099.44
- Interest Charged	610348576.89	682072023.22
- Interest Received	(30155041.58)	(24485459.02)
- Loss (Profit) on sale of Fixed Assets	100122.50	28146.61
- Tax paid	1680306.70	(37810339.00)
<b>Operating Profit before working capital changes</b>	<b>1464911706.02</b>	<b>1481468840.53</b>
<b>Adjustment for :</b>		
- Trade and Other Receivables	(259272074.41)	(133152422.16)
- Inventories	(261982922.00)	(231483326.00)
- Trade and Other Payables	282332426.75	(207893879.40)
<b>Net cash from operating activities (A)</b>	<b>1225989136.36</b>	<b>908939212.97</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition to Fixed Assets	(959739639.75)	(377196947.40)
Addition to Investments	(835736.17)	(88670.47)
Sale of Fixed Assets	2124930.00	65930794.80
Interest Received	30155041.58	24485459.02
<b>Net cash used in investing activities (B)</b>	<b>(928295404.34)</b>	<b>(286869364.05)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long term borrowings (Net)	263510368.85	-525032984.19
Proceeds from Short term borrowings (Net)	4603210.62	619123598.23
Interest paid	(610348576.89)	(682072023.22)
<b>Net cash from financing activities (C)</b>	<b>(342234997.42)</b>	<b>(587981409.18)</b>
<b>Net increase in cash &amp; cash equivalents (A+B+C)</b>	<b>(44541265.40)</b>	<b>34088439.74</b>
Opening Cash and Cash equivalents	138935411.39	104846971.65
Closing Cash and Cash equivalents	94394145.99	138935411.39

The accompanying notes are forming part of the financial statements. 1 to 44

Subject to our separate Report of even date

For and on behalf of the Board of Directors

**FOR DASS KHANNA & CO**

Chartered Accountants

-sd-  
Rajiv Garg  
Mg. Director

-sd-  
Ujjwal Garg  
Wholetime Director

-sd-  
Rakesh Soni  
Partner

Place : Ludhiana  
Dated : 30-05-2016

-sd-  
Lovish Malhotra  
Chief Financial Officer

-sd-  
Ridhima Sood  
Company Secretary

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 1 Company Overview

Garg Acrylics Limited is a Public Limited Company incorporated in India. Its shares are listed on Delhi Stock Exchange Limited and Ludhiana Stock Exchange Limited. The shares of the company are not being traded regularly as the trading platform at both the exchanges are not functioning. The Company is engaged in the manufacturing of Synthetic & Cotton Yam and readymade garments.

#### 2 Summary of Significant accounting policies

##### a) Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India and the provisions of the Companies Act, 2013.

##### b) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities as on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

##### c) Inventories

The Inventories are valued at cost or net realizable value whichever is lower. The cost formulas used in valuation of different categories are as under:-

i)	For Raw Materials and Stores & Spares	Weighted Average Cost
ii)	For Work in Process & Finished Goods	Weighted Average Material Cost Plus Conversion Cost
iii)	For Waste	Net realizable value
iv)	For Goods in transit	At Cost plus expenses incurred up to their present condition and location.

##### d) Depreciation

Tangible Assets

Depreciation on fixed assets has been provided based on useful life of the assets as prescribed in Schedule-II to the Companies Act, 2013 as detailed under:-

i)	In respect of Synthetic Spinning Section	On written down value method basis
ii)	In respect of Cotton Spinning Section	On Straight line method basis
iii)	In respect of Garment Section	On Straight line method basis

Intangible Assets

These are amortized as under:-

i)	Computer Softwares	On Straight line method basis over a period of 10 years
----	--------------------	---

##### e) Investments

Long term Investments are carried at cost less provision for diminution, other than temporary, in the value of investment. Current investments are carried at lower of cost and fair value.

##### f) Fixed Assets

Tangible Assets

All fixed assets are stated at cost, net of Cenvat & VAT including any attributable cost for bringing the assets to its working condition for its intended use less accumulated depreciation except land at Kanganwal Road, Ludhiana and Sahnawal Dehlon Road, Ludhiana which have been stated at revalued amount.

Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/depletion and impairment loss.

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### g) Revenue Recognition

##### i) Sales:

Revenue from sale of goods is recognized:

- a) When all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

##### ii) Export Incentives:

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

##### iii) Interest:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### iv) Dividend:

Dividend income is recognized when the right to receive the payment is established.

##### 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.

#### h) Excise Duty

Excise duty in respect of goods manufactured by the company is accounted for at the time of removal of goods from factory for sale and/or captive consumption and provisions are made for finished goods lying in the factory at the year-end.

#### i) Employees Retirement Benefits

##### a) Short Term Employee Benefits:

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the profit and loss account of the year in which the related service is rendered.

##### b) Post Employment Benefits:

###### i) Defined Contribution Plans:

Provident Fund

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to the profit and loss account.

###### ii) Defined Benefit Plans

Gratuity

Provision for gratuity liability to employees is made on the basis of actuarial valuation as at the close of the year.

##### c) The actuarial gain/loss is recognized in statement of profit and loss account.

#### j) 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 such assets. Qualifying assets is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

#### k) Foreign Currency Transactions

i) Transactions in foreign currencies are recorded at the exchange rate prevailing at the time of transaction.

ii) Monetary foreign currency items outstanding at the year-end are restated into rupees at the rate of exchange prevailing on the balance sheet date except those covered by forward contracts.

iii) Non monetary foreign currency items are carried at cost.

iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss except in respect of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

#### l) Accounting for Taxes on Income

##### i) Current Tax

Current Tax is the amount of income tax determined to be payable in respect of taxable income for a period after considering tax allowances and exemptions.

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

- ii) **Deferred Tax**  
Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods.
- iii) **Minimum Alternative Tax**  
Minimum Alternative Tax credit is recognized as an asset only when & to the extent there is convincing evidence that the Company will pay normal tax during the specified period. Such asset is reviewed at each Balance Sheet date & the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

**m) Impairment of Assets**

The carrying amount of the assets is reviewed at each balance sheet date. If there is any indication of impairment based on internal and external factors, an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**n) Provision, Contingent Liabilities and Contingent Assets**

- i) Provision involving substantial degree of estimate in measurement is recognized when there is a present obligation arising as a result of past events and it is probable that there will be an outflow of resource embodying economic benefits.
- ii) Contingent liability is a possible obligation from past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognized because it is not probable that an outflow embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made. Such a liability is not recognized but is disclosed in the notes.

**o) Earning Per Share**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributed to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 3 SHARE CAPITAL

Particulars	As at 31st MARCH 2016		As at 31st MARCH 2015	
	Number	Amount (Rs.)	Number	Amount (Rs.)
<b>Authorised Shares</b>				
Equity shares of Re.10/- each	900000	9000000.00	900000	9000000.00
6% Non-Cumulative Redeemable Preference Shares of 10/- each	24300000	243000000.00	24300000	243000000.00
Total	<b>25200000</b>	<b>252000000.00</b>	25200000	252000000.00
<b>Issued, Subscribed and paid up shares</b>				
Equity shares of Re.10/- each fully paid up	830350	8303500.00	830350	8303500.00
6% Non-Cumulative Redeemable Preference Shares of 10/- each fully paid up	20000000	200000000.00	20000000	200000000.00
Total	<b>20830350</b>	<b>208303500.00</b>	20830350	208303500.00

**i) Reconciliation of number of shares and amount outstanding**

Particulars	2015-16		2014-15	
	Number	Amount (Rs.)	Number	Amount (Rs.)
a) <b>EQUITY SHARES</b>				
At the beginning of the year	830350	8303500.00	830350	8303500.00
Add: Shares Issued during the year	0	0.00	0	0.00
Outstanding at the end of the year	<b>830350</b>	<b>8303500.00</b>	830350	8303500.00
b) <b>PREFERENCE SHARES</b>				
At the beginning of the year	20000000	200000000.00	20000000	200000000.00
Add: Shares Issued/Redeemed during the year	0	0.00	0	0.00
Outstanding at the end of the year	<b>20000000</b>	<b>200000000.00</b>	20000000	200000000.00

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### ii) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st MARCH 2016		As at 31st MARCH 2015	
	Number	% of holding in the class	Number	% of holding in the class
a) Equity Shares				
Shubham Yarns Private Limited	173440	20.89%	173440	20.89%
GAL Cottex Private Limited	132990	16.02%	132990	16.02%
Himachal Yarns Limited	59840	7.21%	59840	7.21%
Ashwani Aggarwal	45000	5.42%	45000	5.42%
Sumit Aggarwal	45000	5.42%	45000	5.42%
b) Preference Shares				
Shubham Yarns Private Limited	5400000	27.00%	5400000	27.00%
GAL Cottex Private Limited	2500000	12.50%	2500000	12.50%
Himachal Yarns Limited	6030000	30.15%	6030000	30.15%
Garg Fincap Limited	4370000	21.85%	4370000	21.85%
Garg Furnace Limited	1700000	8.50%	1700000	8.50%
		<b>As at 31st MARCH 2016</b>		<b>As at 31st MARCH 2015</b>

#### iii) Shares held by holding/ ultimate holding company/ or their subsidiaries/ associates

NIL

NIL

#### iv) Aggregate number of shares issued for consideration other than cash, bonus shares issued, shares bought back during the period of 5 years immediately preceding the reporting date.

NIL

NIL

#### v) Terms/rights attached to

##### Equity Capital

The company's equity shares are having par value of Re.10/- per share. Each holder of equity share is entitled to one vote per share. The dividend distribution (if any) will be in proportion to the number of equity shares held by the shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the realised value of the assets of the Company remaining after payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

##### Preference Capital

The company's Preference share are having par value of Rs. 10/- per share.

The shares carry a right to preferential dividend @ 6% p.a. in relation to the paid up capital on them.

The holders of said shares have a right to attend General Meeting of the Company and vote on resolution affecting their interest.

In a winding up, the holder of the said shares shall be entitled to a preferential right of return of the amount paid up on the shares but shall not have any further right or claim over the surplus assets of the company.

The Preference shares are redeemable at par as detailed hereunder:-

<u>Due date of Redemption</u>	<u>No of Pref. Shares</u>	<u>Amount (Rs.)</u>
28/03/2034	4300000	43000000.00
31/03/2029	2000000	20000000.00
31/03/2028	3000000	30000000.00
31/03/2025	3000000	30000000.00
28/03/2024	700000	7000000.00
31/03/2017	700000	7000000.00
Total	<u>20000000</u>	<u>200000000.00</u>

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 4 RESERVES AND SURPLUS

Particulars	As at	As at
	31st MARCH 2016 (Rs.)	31st MARCH 2015 (Rs.)
<b>Securities Premium Reserve</b>		
Balance at the beginning of the year	821781500.00	821781500.00
Addition/deduction during the year	0.00	0.00
Balance at the end of the year	<u>821781500.00</u>	<u>821781500.00</u>
<b>Revaluation Reserve</b>	<u>313863258.00</u>	313863258.00
<b>General Reserve</b>		
Balance at the beginning of the year	487512144.00	437512144.00
Add: Amount transferred from surplus account	60000000.00	50000000.00
Balance at the end of the year	<u>547512144.00</u>	<u>487512144.00</u>
<b>Surplus in the Statement of Profit and Loss.</b>		
Balance at the beginning of the year	757757003.44	772262838.43
Less: Carrying amt of fixed asset(net of taxes) debited to retained profits where remaining useful life of the asset is nil as at 01.04.2015	0.00	47487865.27
Add: Profit for the year	141891892.40	82982030.28
Less: Transfer to General Reserve	60000000.00	50000000.00
Balance at the end of the year	<u>839648895.84</u>	<u>757757003.44</u>
Total	<u>2522805797.84</u>	2380913905.44

#### 5 LONG TERM BORROWINGS

Particulars	Non-Current Portion		Current Maturities	
	As at 31st March 16 (Rs)	As at 31st March 15 (Rs)	As at 31st March 16 (Rs)	As at 31st March 15 (Rs)
<b>SECURED</b>				
Term Loans from Banks	3205466380.44	3188860405.69	615112719.00	573398000.00
<b>UNSECURED</b>				
Vehicles Loans from Banks	4611571.17	3198388.07	4091532.50	4717898.08
Vehicles Loans from Companies	728848.00	287637.00	434676.00	1077346.61
Other Loans from Companies	266265000.00	21215000.00	0.00	0.00
	<u>3477071799.61</u>	<u>3213561430.76</u>	<u>619638927.50</u>	<u>579193244.69</u>
Amount disclosed under the head Other Current Liabilities See Note No. 11	Nil	Nil	619638927.50	579193244.69
Total	<u>3477071799.61</u>	<u>3213561430.76</u>	<u>0.00</u>	<u>0.00</u>

- a Term loans from Banks are secured by first parri passu charge on the entire fixed assets of the company alongwith equitable mortgage created on all the immovable assets of the company and further secured by Second Parri-passu charge on the entire current assets of the company and personal guarantee of the promoter directors.
- b Term Loans from Banks carry an interest rate of 11.25% p.a. and are repayable in quarterly installments.

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

- c The year wise repayment of term loans due are as under :-

Year Ended	Amount of Repayment
31/03/2018	646473000.00
31/03/2019	651749000.00
31/03/2020	606200000.00
31/03/2021	533598750.00
31/03/2022	441956166.19
31/03/2023	143454162.00
31/03/2024	110000000.00
31/03/2025	<u>72035302.25</u>
	<u>3205466380.44</u>

- d Vehicle Loans from Banks & companies are repayable in monthly installments. The rate of interest and year wise repayment due are as under :-

	Loan No. 23218420	Loan No. 25559224	Loan No. 30840920	Loan No. 34294104	Loan No. 34147510
Name of the Financer	HDFC Bank Ltd	HDFC Bank Ltd	HDFC Bank Ltd	HDFC Bank Ltd	HDFC Bank Ltd
Amount Outstanding	137880.97	201506.84	303134.06	478797.34	354775.03
Rate of Interest	10.38%	10.52%	10.50%	10.50%	10.75%
Mode of Repayment	Monthly Instalment	Monthly Instalment	Monthly Instalment	Monthly Instalment	Monthly Instalment
	Loan No. 28864270	Loan No. 29244157	Loan No. 27115901	Loan No. 20121014231	Loan No. CF- 12416126
Name of the Financer	HDFC Bank Ltd	HDFC Bank Ltd	Axis Bank Ltd	Toyota Financial Services Ltd	Kotak Mahindra Prime Ltd
Amount Outstanding	43525.63	263194.30	2828757.00	143627.00	585221.00
Rate of Interest	11.00%	10.25%	9.60%	10.01%	9.75%
Mode of Repayment	Monthly Instalment	Monthly Instalment	Monthly Instalment	Monthly Instalment	Monthly Instalment

#### Yearwise Repayment Due

Year Ended	To Banks Amount of Repayment	To Companies Amount of Repayment
31/03/2018	2911906.27	465286.00
31/03/2019	<u>1699664.90</u>	<u>263562.00</u>
	<u>4611571.17</u>	<u>728848.00</u>

- e Terms and conditions of other loans are as under

#### Yearwise Repayment Due

<u>Year Ended</u>	<u>Amount(Rs)</u>
31/03/2018	100000000.00
31/03/2019	154500000.00
31/03/2022	<u>11765000.00</u>
	<u>266265000.00</u>

Rate of Interest:

@11.25%



## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 6 DEFERRED TAX LIABILITY (Net)

Particulars	As at	As at
	31st MARCH 2016 (Rs.)	31st MARCH 2015 (Rs.)
<b>Deferred Tax Liability</b>		
Fixed Assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	(162221639.00)	(172437718.00)
Sub-total	<b>(162221639.00)</b>	<b>(172437718.00)</b>
<b>Deferred Tax Asset</b>		
Impact of Expenditure charged to Statement of Profit and Loss in the current year but allowed for tax purpose on payment basis		
Gratuity	10098945.00	7440286.00
Punjab Labour Welfare Fund	313918.00	208127.00
Sub-total	<b>10412863.00</b>	<b>7648413.00</b>
Deferred Tax (Liability)/Assets (Net)	Total	
	<b>(151808776.00)</b>	<b>(164789305.00)</b>

#### 7 PROVISIONS

Particulars	Long Term		Short Term	
	As at 31st March 16 (Rs)	As at 31st March 15 (Rs)	As at 31st March 16 (Rs)	As at 31st March 15 (Rs)
<b>Provision for Employee Benefits</b>				
Provision for Gratuity	20925523.00	16474599.00	8255433.00	6457398.00
<b>Other Provisions</b>				
Provision for Taxation	0.00	0.00	15777504.66	5640230.70
Provision for Wealth Tax	0.00	0.00	0.00	100500.00
Total	<b>20925523.00</b>	<b>16474599.00</b>	<b>24032937.66</b>	<b>12198128.70</b>

#### 8 SHORT TERM BORROWINGS

Particulars	As at	As at
	31st MARCH 2016 (Rs.)	31st MARCH 2015 (Rs.)
<b>Loans Repayable on demand</b>		
Secured		
Working Capital Borrowings from Banks	3175717549.70	3121114339.08
Short Term Loan (FDRs)	0.00	5000000.00
Total	<b>3175717549.70</b>	<b>3171114339.08</b>

The Working Capital Loans are secured by pledge of warehouse receipts of cotton bales, hypothecation of Stock in trade (except pledged stock), Book Debts and other current assets of the company and further secured by second Parri-passu charge on the entire fixed assets of the company and personal guarantee of Promoter directors.

The Short Term Loans are secured against Bank's FDRs.

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 9 TRADE PAYABLES

<b>Particulars</b>	<b>As at 31st MARCH 2016 (Rs.)</b>	<b>As at 31st MARCH 2015 (Rs.)</b>
Trade Payables (Refer Note 37 for details of dues to micro and small enterprises)	<b>809875651.75</b>	598507844.76

#### 10 OTHER CURRENT LIABILITIES

<b>Particulars</b>	<b>As at 31st MARCH 2016 (Rs.)</b>	<b>As at 31st MARCH 2015 (Rs.)</b>
Current maturities of long term borrowings	<b>619638927.50</b>	579193244.69
Interest accrued but not due on borrowings	<b>26771051.00</b>	23488084.00
Advances received from customers	<b>141658592.24</b>	118540751.39
Other payables		
TDS/TCS payable	<b>2867743.00</b>	1501143.00
Service Tax Payable	<b>94982.00</b>	48380.00
Excise Duty Payable	<b>231685.00</b>	618745.00
VAT/CST Payable	<b>15531541.73</b>	9814144.02
Expenses Payable	<b>91751325.67</b>	97681940.24
Total	<b>898545848.14</b>	830886432.34

11 FIXED ASSETS		GROSS BLOCK						DEPRECIATION						NET BLOCK	
		AS AT 01.04.2015	ADDITIONS DURING THE YEAR	SALES/ADJ DURING THE YEAR	TOTAL AS AT 31.03.2016	AS AT 01.04.2015	PROVIDED DURING THE YEAR	ADJUSTMENT DURING THE YEAR	TOTAL AS AT 31.03.2016	AS AT 31.03.2016	AS AT 31.03.2015				
S. NO	NAME OF THE ASSETS	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
<b>A) TANGIBLE ASSETS</b>															
1.	Free hold Land	527280923.50		9765610.00	0.00	537046533.50		0.00	0.00	0.00	0.00	537046533.50		527280923.50	
2.	Building	1575033093.27		115981895.40	0.00	1691014988.67		47347846.92	0.00	0.00	294093862.08	1396921126.59		1328287078.11	
3.	Plant & Machinery	6032753832.93		908210078.75	11291675.23	6929672236.45		686547755.87	10045939.23	0.00	3464302065.08	3465370171.37		3244953584.49	
4.	Vehicles	51592350.80		7586368.00	3445016.00	55733702.80		4475910.05	2465699.50	0.00	28444252.04	27289450.76		25158309.31	
5.	Office Equipments	18138010.12		1288128.00	0.00	19426138.12		2806320.45	0.00	0.00	14618983.51	4807154.61		6325347.06	
6.	Furnitures & Fixtures	16131199.88		546525.00	0.00	16677724.88		1493970.52	0.00	0.00	6167544.46	10510180.42		11457625.94	
<b>TOTAL</b>		8220929410.50		1043378605.15	14736691.23	9249571324.42		742671803.81	12511638.73	0.00	3807626707.17	5441944617.25		5143462868.41	
<b>PREVIOUS YEAR</b>		7981395006.90		308162151.00	68627747.40	8220929410.50		740872099.44	-67626309.28	0.00	3077466542.09	5143462868.41		0.00	
<b>B) INTANGIBLE ASSETS</b>															
	Computer Softwares		0.00	650060.00		650060.00		54352.00	0.00	0.00	54352.00	595708.00		0.00	
<b>C) CAPITAL WORK IN PROGRESS</b>												57044812.00		141333837.40	
<b>(Refer Note No. 30)</b>															

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 12 NON CURRENT INVESTMENTS

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Other Investments (Valued at cost)		
Investment In Equity Instruments (Unquoted)		
15,000 Equity Shares of Rs. 10/- each fully paid up of Garg Fincap Limited	150000.00	150000.00
3,66,000 Class A Equity Shares of Rs. 0.10 each fully paid up of OPGS Power Gujarat Private Limited	222300.00	0.00
Investment in Equity Instruments (Quoted)		
196 Equity Shares of Rs. 10/- each fully paid up of Punjab & Sind Bank	23520.00	23520.00
Total	<b>395820.00</b>	<b>173520.00</b>
Aggregate value of unquoted investments	<b>372300.00</b>	150000.00
Aggregate value of quoted investments	<b>23520.00</b>	23520.00
Market value of quoted investments	<b>6801.20</b>	8947.40

#### 13 LOANS AND ADVANCES AND OTHER CURRENT ASSETS

Particulars	Non-Current		Current	
	As at 31st March 16 (Rs)	As at 31st March 15 (Rs)	As at 31st March 16 (Rs)	As at 31st March 15 (Rs)
<b>LOANS AND ADVANCES</b> (Unsecured, considered good)				
Capital Advances	803438.92	1955000.00	0.00	0.00
Security Deposit	88755431.49	57287603.49	0.00	0.00
Advance to Employees	0.00	0.00	6653206.00	4945757.00
Advance to Suppliers	0.00	0.00	322665659.71	241048301.90
Prepaid expenses	0.00	0.00	3053596.00	3966330.00
Balance with Excise & Custom Authorities	0.00	0.00	130506841.18	98612699.18
Advance Income Tax	0.00	0.00	99667858.00	78937533.00
Others (State Electricity Board)	0.00	0.00	95437.00	16881129.00
Total	<b>89558870.41</b>	59242603.49	<b>562642597.89</b>	444391750.08
<b>OTHER CURRENT ASSETS</b>				
Duty Drawback/Depb	0.00	0.00	53448611.00	87582500.00
Interest accrued on deposits	0.00	0.00	26205566.00	17861873.72
Subsidy - TUFS	0.00	0.00	123157096.00	81615610.00
Insurance claim receivable	0.00	0.00	144534462.00	144534462.00
Total	<b>0.00</b>	0.00	<b>347345735.00</b>	331594445.72

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 14 CURRENT INVESTMENTS

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Trade Investments (At Cost)		
In Capital of Partnership Firm		
Garg International	<b>2041479.49</b>	1428043.32

The company is one of the partners in the partnership firm M/s Garg International.

The names of all the partners and their profit sharing ratio are as under:-

Name of the Partner	Profit sharing Ratio
Garg Acrylics Ltd	95%
Sh. Navneet Sharma	5%

The total capital of the said firm is Rs. 21,45,694.01 as on 31.03.2016.

(Rs. 14,99,971.99 as on 31-03-2015)

#### 15 INVENTORIES (Valued at lower of cost or net realizable value)

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Raw- Materials	<b>2159577320.00</b>	2020497109.00
Work in Progress	<b>278662234.00</b>	174281329.00
Finished goods	<b>642529528.00</b>	645122646.00
Stock-in-Trade (in respect of goods acquired for trading)	<b>10226483.00</b>	5561731.00
Stores, Spares & Packing Material	<b>57385678.00</b>	40935506.00
Total	<b>3148381243.00</b>	2886398321.00

#### BROAD CATEGORY OF INVENTORIES

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Work-in-process		
Synthetic Yarn in process	<b>8950616.00</b>	6955182.00
Blended Yarn in process	<b>65791678.00</b>	40664448.00
Cotton Yarn in process	<b>169465289.00</b>	96657778.00
Garments Mfg in process	<b>34454651.00</b>	30003921.00
Total	<b>278662234.00</b>	174281329.00
Finished goods		
Synthetic Yarn	<b>83795630.00</b>	120929064.00
Blended Yarn	<b>200003639.00</b>	169141128.00
Cotton Yarn	<b>280221368.00</b>	289332837.00
Garments	<b>66258236.00</b>	58849855.00
Others (Waste)	<b>12250655.00</b>	6869762.00
Total	<b>642529528.00</b>	645122646.00

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 16 TRADE RECEIVABLES

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
<b>Unsecured, considered good</b>		
Trade Receivables Outstanding for a period Exceeding six months from the date they are due for payment	47920693.00	49263292.00
Trade Receivables Outstanding for a period less than six months from the date they are due for payment	1496821661.67	1400525392.27
	<b>1544742354.67</b>	<b>1449788684.27</b>

#### 17 CASH AND CASH EQUIVALENTS

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Cash in Hand	19313699.59	18693123.59
Balance with banks -in current accounts	1277441.40	8605382.80
-in Deposit accounts	73803005.00	111636905.00
	<b>94394145.99</b>	<b>138935411.39</b>

Deposits includes-

- Nil (Previous Year FDR of Rs. 5,00,00,000.00 against which a short term loan had been obtained)
- Margin money deposits amounting to Rs.2,69,00,000.00 (Rs. 2,29,00,000.00 on 31st March 2015) held to secure the Company's Non Fund based limits availed from Banks.
- Bank Deposit with more than 12 months maturity as on 31.03.2016 Rs. 5,61,41,379.00 ( Rs.5,03,51,079.00 on 31.03.2015)

#### 18 REVENUE FROM OPERATIONS

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Sale of Products	12399807185.00	11368139508.00
Other Operating Revenues	180693968.00	189819720.00
Revenue from Operations (Gross)	<b>12580501153.00</b>	<b>11557959228.00</b>
Less: Excise duty on products sold	2943974.00	1143332.85
Revenue from operation(Net)	<b>12577557179.00</b>	<b>11556815895.15</b>

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### Details of products sold

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Synthetic Yarn	475058374.00	354164342.00
Cotton Yarn	5601101580.00	5539266913.00
Blended Yarn	2857416393.00	2955293987.00
Garments	680965980.00	670782781.00
Synthetic Fibre	442124868.00	525482175.00
Cotton Fibre	1081090513.00	6262397.00
Synthetic Fabrics	550333257.00	592695041.00
Job Charges	14770365.00	19164648.00
Others (Waste)	696945855.00	705027224.00
Total	12399807185.00	11368139508.00

#### Details of Other Operating Revenue

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Exports benefits	180693968.00	189819720.00

#### 19 OTHER INCOME

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Interest Income on banks deposits	10917750.58	8559096.02
Interest on delayed payments	19237291.00	15926363.00
Exchange Rate Fluctuation (Net)	2564153.80	25111590.92
Share of Profit from Partnership Firm	613436.17	88670.47
Miscellaneous Income	1183317.60	705717.60
Total	34515949.15	50391438.01

#### 20 COST OF RAW MATERIALS CONSUMED

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Inventory at the beginning of the year	2020497109.00	1804026251.00
Add: Purchases during the year	6920063257.36	7147204251.36
Less: Inventory at the end of the year	2159577320.00	2020497109.00
Cost of raw material consumed.	6780983046.36	6930733393.36

#### Broad Category for Raw Material Consumed

Synthetic Fibre	1543376223.20	1749688134.36
Cotton Fibre	5020683097.86	4810307154.00
Fabric, Yarn for Garments	75843758.00	224606188.00
Others (Semi Finished yarns)	141079967.30	146131917.00
Total	6780983046.36	6930733393.36

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 21 PURCHASES OF STOCK-IN-TRADE

##### Broad Category for Purchases of Stock-in-trade

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Synthetic/Cotton Fibre	1420896201.00	311915238.00
Synthetic Fabric	427027291.00	472634313.10
Total	1847923492.00	784549551.10

#### 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Inventories at the beginning of the year		
Work in Progress	174281329.00	182196090.00
Finished goods	645122646.00	627639449.00
Stock-in-trade of traded goods	5561731.00	13154695.00
	824965706.00	822990234.00
Inventories at the end of the year		
Work in Progress	278662234.00	174281329.00
Finished goods	642529528.00	645122646.00
Stock-in-trade of traded goods	10226483.00	5561731.00
	931418245.00	824965706.00
Change in inventories of finished goods, Work in progress and Stock-in-trade	(106452539.00)	(1975472.00)

#### 23 EMPLOYEES BENEFITS EXPENSE

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Salaries, Wages and other Allowances	433581495.00	384296378.00
Contribution to Provident & Other Funds	25179357.00	22258365.00
Staff Welfare Expenses	31522265.00	30871405.00
Total	490283117.00	437426148.00

#### 24 FINANCE COSTS

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Interest expenses	610348576.89	682072023.22
Other Borrowing Costs	28263529.04	30857660.01
Total	638612105.93	712929683.23



## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 25 DEPRECIATION

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Depreciation of Tangible Assets	742726155.81	740872099.44

#### 26 OTHER EXPENSES

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Power & Fuel	1147087436.57	1045702156.00
Stores and Spares	334967808.08	334504431.38
Job Charges	146467281.50	110015279.23
Excise Duty Provided on stocks (net)	(398309.00)	(3494177.00)
Repairs to Machinery	90686028.69	67281392.00
Repairs to Building	2664295.40	1942880.00
Repair Others	1878407.00	1936706.00
Insurance	9537956.00	10867629.00
Vehicle Maintenance	10588522.00	12978840.55
Travelling Expenses	21482268.06	18154688.33
Postage Courier & Telephone	2557703.49	2588765.96
Auditors Remuneration	500000.00	500000.00
Cost Audit Fee	29500.00	0.00
Listing Fee	8500.00	0.00
Legal & Professional Charges	9776172.00	10790404.00
Rates and Taxes	3295158.68	1831584.32
Printing & Stationery	2672929.00	2578867.00
Subscription & Periodicals	707563.00	214802.00
General Expenses	2800208.00	1751410.99
Charity & Donation	90400.00	150200.00
Recruitment Expenses	231190.00	265668.00
Loss on Sale of Fixed assets	100122.50	28146.61
Export Expenses	181513113.87	180163801.00
Carriage Outward	34014505.00	26423678.00
Advertisement and Sales Promotion	1243226.88	527853.00
Brokerage and Commission	51399231.00	28311555.00
Rebate & Discount	21884946.63	25862999.38
Total	2077786164.35	1881879560.75

#### 27 TAX EXPENSE

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Current Tax - for the year	29800000.00	32500000.00
- Prior Year	-1923104.70	8380813.00
	27876895.30	40880813.00
Deferred Tax Liability (Asset) for the year	-12980529.00	-3070474.00

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 28 EARNING PER SHARE

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Net profit as per Statement of Profit and Loss	141891892.40	82982030.28
Net profit available to Equity Share holders	141891892.40	82982030.28
No. of equity shares at year end	830350	830350
Weighted average number of Equity shares used as denominator for calculating EPS	830350	830350
Basic Earning per Share	170.88	99.94
Diluted Earning per Share	170.88	99.94
Face value per Equity Share	10.00	10.00

- 29 The tax paid u/s 115JB (MAT) of Income Tax Act, 1961 has been treated as an asset in accordance with the provision of the Guidance note for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India. The MAT credit entitlement for the earlier years is on the basis of Income Tax Returns filed by the company with the Income Tax Department and the current year entitlement/setoff is on the basis of statement of assessable income prepared on provisional basis. The MAT credit entitlement for the current year is Rs 16707065 .00

#### 30 CAPITAL WORK-IN-PROGRESS INCLUDES

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Pre-operative expenditure as follows:-		
Balance at beginning of the year	5762995.00	52591.00
Add: Pre-operative incurred during the year		
Power & Fuel	5500000.00	0.00
Salaries and Wages	6033321.00	725000.00
Professional Charges	1103838.00	752080.00
General Expenses- misc.& canteen	875558.00	831930.00
Finance cost	35840551.00	4274967.00
	<u>49353268.00</u>	<u>6583977.00</u>
Less: Capitalised during the year	54375819.00	873573.00
Balance at end of the year	<u>740444.00</u>	<u>5762995.00</u>

- 31 Borrowing cost capitalized during the year Rs. 3,58,40,551.00 (previous year Rs. 42,74,967.00).

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 32 GRATUITY

The following table summarises the components of expenses recognized in the Statement of Profit and Loss and the amounts recognized in the Balance Sheet

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
1 Expense Recognised in Statement of Profit and Loss		
Current Service Cost	7349445.00	6952371.00
Interest on Defined Benefit Obligation	1831584.00	1262432.00
Net Actuarial Losses/(Gains) recognised in the year	<u>(2857688.00)</u>	<u>(1333195.00)</u>
	<u>6323341.00</u>	<u>6881608.00</u>
2 Amount Recognized in Balance Sheet		
Present Value of Unfunded Obligations	<u>29180956.00</u>	<u>22931997.00</u>
Net Liability	<u>29180956.00</u>	<u>22931997.00</u>
Net Liability is bifurcated as follows:		
Current	8255433.00	6457398.00
Non Current	<u>20925523.00</u>	<u>16474599.00</u>
	<u>29180956.00</u>	<u>22931997.00</u>
3 Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	22931997.00	16113476.00
Current Service Cost	7349445.00	6952371.00
Interest Cost	1831584.00	1262432.00
Actuarial Losses/ (Gain)	<u>(2857688.00)</u>	<u>(1333195.00)</u>
Benefits Paid	<u>(74382.00)</u>	<u>(63087.00)</u>
Closing Defined Benefit Obligation	<u>29180956.00</u>	<u>22931997.00</u>
Contributions by Employer	74382.00	63087.00
Benefits Paid	<u>(74382.00)</u>	<u>(63087.00)</u>
Expected Employer's Contribution Next Year	<u>8255433.00</u>	<u>6457398.00</u>
4 Actuarial Assumptions at the Valuation Date:		
Imputed rate of interest	08.00% P.A.	07.85% P.A.
Future Salary rise	08.00% P.A.	08.00% P.A.
Return on Plan assets	N.A.	N.A.
Retirement Age	58 Years	58 Years
Mortality Table	I.A.L. 2006-08	I.A.L. 2006-08
Attrition Rate	30.00 % P.A.	30.00 % P.A.
Remaining Working Life	25.82 Years	26.47 Years

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 33 SEGMENT REPORTING

The company is mainly engaged in the business of manufacturing of textiles consisting of yarn, fabrics and garments. Considering the nature of business and financial reporting of the Company, the Company has only one segment textile as reportable segment. The Company operates in Local & Export segments geographically. The sale for both is separately given, but due to the nature of business the assets/liabilities and expenses for these activities cannot be bifurcated separately.

The financial information about geographical segment is presented below:

	2015-16	2014-15
Segment Revenue		
-Within India	7615773027.00	6391210368.00
-Outside India	4964728126.00	5166748860.00
Total Revenue	12580501153.00	11557959228.00

#### 34 RELATED PARTY DISCLOSURE

Related parties with whom transactions have taken place during the year:

**a Key Management Personnel:**

Sanjiv Garg, Managing Director  
Rajiv Garg, Managing Director  
Ujjwal Garg, Wholetime Director

**b Enterprise owned or significantly influenced by key management personnel or their relatives:**

Garg International (Partnership firm in which company is having 95% share)  
Pushpa Yarns Private Limited (in which Sh Sanjiv Garg, Sh Rajiv Garg Managing Directors are directors)

**c Related Person**

Sambhav Garg

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year

Name of Related Party	Nature of Transaction	Transaction Value for the year (Rs.)	
		2015-16	2014-15
<b>a Enterprises owned or significantly influenced by key management personnel or their relatives:</b>			
Garg International	Sale made	0.00	13826386.00
	Purchase made	429245.00	2170657.00
	Investment made	613436.00	88670.00
<b>b Key Management Personnel:</b>			
Sanjiv Garg - Managing Director	Remuneration	1800000.00	1800000.00
Rajiv Garg - Managing Director	Remuneration	1800000.00	1800000.00
Ujjwal Garg - Wholetime Director	Remuneration	1500000.00	1500000.00
<b>c Related Person</b>			
Sambhav Garg	Remuneration	875000.00	250000.00

Name of Related Party		Outstanding amounts carried in the Balance Sheet (Rs.)	
		AS AT 31st March 16	AS AT 31st March 15
<b>a Enterprises owned or significantly influenced by key management personnel or their relatives:</b>			
Garg International	Debit(Credit)	(8294584.00)	25692072.00
Pushpa Yarns Private Limited	Debit(Credit)	(1500000.00)	(1500000.00)
<b>b Key Management Personnel:</b>			
Sanjiv Garg - Managing Director		Nil	Nil
Rajiv Garg - Managing Director		Nil	Nil
Ujjwal Garg - Wholetime Director		Nil	Nil
<b>c Related Person</b>			
Sambhav Garg		Nil	Nil

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 35 CONTINGENT LIABILITIES AND PROVISIONS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
<b>Contingent Liabilities</b>		
For Letter of Credits	271.48 lacs	897.09 lacs
For Bank Guarantee	5.00 lacs	5.00 lacs
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on Capital account (net of advances)	0.00 lacs	166.95 lacs

36 Debit or credit balances on whatever account are subject to confirmation from parties.

#### 37 DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Based on and to the extent of information received from the Suppliers regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 as identified by Management and relied upon by the Auditors, the relevant particulars as at 31 March 2016 are furnished below:

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Dues outstanding as at the end of the year for more than 45 days	0.00	0.00

#### 38 VALUE OF IMPORTS ON CIF BASIS

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Raw-materials	117436504.00	153213699.00
Trading Goods	91305403.00	92826345.00
Components and Spare parts	1985837.00	2376933.00
Capital Goods	207750406.00	60030567.00
	<b>418478150.00</b>	<b>308447544.00</b>

#### 39 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

Particulars	% age of total Consumption as on 31.03.2016	Value on 31.03.2016 (Rs.)	% age of total Consumption as on 31.03.2015	Value on 31.03.2015 (Rs.)
Raw-materials				
Imported	1.66%	117969202.00	2.31%	167861999.00
Indigenous	93.63%	6663013844.36	93.09%	6762871394.36
Total (A)	95.29%	6780983046.36	95.40%	6930733393.36
Component and Store & Spares				
Imported	0.00%	157050.00	0.03%	2532255.00
Indigenous	4.71%	334810758.08	4.57%	331972176.38
Total (B)	4.71%	334967808.08	4.60%	334504431.38
Grand Total ( A )+( B )	100.00%	7115950854.44	100.00%	7265237824.74

## NOTES

### forming part of Financial statements for the year ended March 31, 2016

#### 40 EARNINGS IN FOREIGN CURRENCY

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Export of goods calculated on FOB Basis	4734663241.00	4923628362.00

#### 41 EMPLOYEES REMUNERATION AND BENEFITS INCLUDES DIRECTORS' REMUNERATION OF RS. 51,00,000.00 COMPRISING:

Particulars	Sanjiv Garg Managing Director		Rajiv Garg Managing Director		Ujjwal Garg Wholetime Director	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
	Salaries	1800000.00	1800000.00	1800000.00	1800000.00	1500000.00
Contribution to Provident Fund	0.00	0.00	0.00	0.00	0.00	0.00
Other Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total	1800000.00	1800000.00	1800000.00	1800000.00	1500000.00	1500000.00

#### 42 AUDITORS REMUNERATION

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Statutory Audit fees	380000.00	380000.00
Tax Audit fees	95000.00	95000.00
PVAT Audit fees	25000.00	25000.00
Total	500000.00	500000.00

#### 43 EXCISE DUTY

Particulars	As at 31st MARCH 2016 (Rs.)	As at 31st MARCH 2015 (Rs.)
Excise duty shown as a reduction from turnover	2943974.00	1143332.85
Excise duty charged to Statement of Profit and Loss On account of difference between closing and opening stock	(398309.00)	(3494177.00)

#### 44 PREVIOUS YEAR FIGURES

Previous year figures have been reworked/regrouped/rearranged/reclassified wherever necessary to make them comparable with current year figures.

Subject to our separate Report of even date

**FOR DASS KHANNA & CO**  
Chartered Accountants

**-sd-**

Rakesh Soni  
Partner

Place : Ludhiana  
Dated : 30-05-2016

For and on behalf of the Board of Directors

**-sd-**

Rajiv Garg  
Mg. Director

Ujjwal Garg  
Wholetime Director

**-sd-**

Lovish Malhotra  
Chief Financial Officer

**-sd-**

Ridhima Sood  
Company Secretary

**GARG ACRYLICS LIMITED.**  
**(CIN NO.: - L74999DL1983PLC017001)**  
**A-50/1, Wazirpur, Industrial Area, Delhi-52**  
**Website: www.gargltd.com Email: - gargacrylics@yahoo.com**

**ATTENDANCE SLIP**

Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting Hall.

I, hereby record my presence at the 32<sup>nd</sup> ANNUAL GENERAL MEETING of the Company at Registered office A-50/1, Wazirpur, Industrial Area, Delhi on Friday 30<sup>th</sup> Sept, 2016 at 11:00 A.M.

Full Name of the Shareholder/proxy  
(In Block letters)

Folio No.....  
Signature

Form- MGT-11

**PROXY FORM**

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

**CIN :- L74999DL1983PLC017001**

**Name of Company:- GARG ACRYLICS LIMITED**  
**Registered office :- A-50/1, Wazirpur, Industrial Area, Delhi.**

<b>Name of the member (s)</b> <b>Registered address :</b> <b>E-mail Id :</b> <b>Folio No./Client Id :</b> <b>DP ID:</b>
---

I/We, being the member (s) of ..... shares of the above named company, hereby appoint:

(1) Name..... Address  
.....  
Email id.....  
Signature.....or falling him.

(2) Name..... Address  
.....  
Email id.....  
Signature.....or falling him.

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company to be held on Friday 30<sup>th</sup> September, 2016 at 11.00 a.m Registered office A-50/1, Wazirpur, Industrial Area, Delhi-52 and at any adjournment thereof of such resolution as are indicated below:-

RESOLUTIONS	Optional	
	For	Against
<b>Ordinary Business</b>		
1. Adoption of Financial Statements for the year ended 31 <sup>st</sup> March, 2016		
2. To appoint a director in place of Mr. Ujjwal Garg (DIN 01234439), who retires by rotation and being eligible offers himself for reappointment.		
3. Appointment of M/s. Dass Khanna & Co., Chartered Accountants), as auditors and fixing their remuneration.		
<b>Special Business</b>		
4. Re-Appointment of Mr. Sanjiv Garg (DIN 00217156) as a Managing Director For Five Years.		
5. Re-Appointment of Mr. Rajiv Garg (DIN 00444558) as a Managing Director For Five Years		
6. Re-Appointment of Mr. Ujjwal Garg (DIN 01234439) as a Whole Time Director For Five Years		
7. To ratify remuneration of Cost Auditors For Financial Year 2016-17		

Signed this ..... Day of .....2016.

Signature of Shareholder .....

Signature of Proxy Holder (s) .....

Affix Rs. 1 Revenue Stamp
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Note :

1. 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.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 32<sup>nd</sup> Annual General Meeting.
3. It is optional to put 1 'x' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details of member (s) in above box before submission.



**BOOK POST  
(PRINTED MATTER)**

If undelivered please return to:  
**GARG ACRYLICS LIMITED**  
Corporate Office : Kanganwal Road,  
V.P.O. Jugiana, G.T. Road,  
Ludhiana- 141 120.