

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a registered Equity Shareholder of **Vardhman Acrylics Limited** (the “Company”) as on the Record Date in accordance with Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended. If you require any clarifications about the action to be taken, you should consult your stockbroker or investment consultant or the Manager to the Buyback Offer (Kotak Mahindra Capital Company Limited) or the Registrar to the Buyback Offer (MCS Share Transfer Agent Limited). Please refer to the section on 'Definitions' for the definition of the capitalized terms used herein.

Vardhman Acrylics Limited

Registered Office and Correspondence Address : Vardhman Premises,
Chandigarh Road, Ludhiana, Punjab, India 141 010
Corporate Identification Number (CIN) : L51491PB1990PLC019212
Telephone : +91-161-2228943-48 ; Fax : +91-161-2220766, 2601048
Contact Person : Ms. Ruchita Vij, Company Secretary
E-mail : secretarial.lud@vardhman.com, Website : www.vardhman.com



CASH OFFER TO BUYBACK NOT EXCEEDING 1,38,00,000 FULLY PAID-UP EQUITY SHARES OF FACE VALUE RS. 10/- EACH, REPRESENTING 14.84% OF THE TOTAL NUMBER OF EQUITY SHARES IN THE ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY, FROM ALL THE EXISTING SHAREHOLDERS / BENEFICIAL OWNERS OF EQUITY SHARES OF THE COMPANY AS ON THE RECORD DATE I.E. JANUARY 13, 2017, ON A PROPORTIONATE BASIS, THROUGH THE “TENDER OFFER” ROUTE AT A PRICE OF Rs. 50/- (RUPEES FIFTY ONLY) PER EQUITY SHARE FOR AN AGGREGATE AMOUNT OF Rs 69 CRORES/- (RUPEES SIXTY NINE CRORES ONLY)

- 1) The Buyback is in accordance with Article 6 of the Articles of Association of the Company and subject to the provisions of Section 68 and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014 and in compliance with Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 including any amendments, statutory modifications or re-enactments thereof, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary, from time to time from statutory authorities including but not limited to Securities and Exchange Board of India, National Stock Exchange of India, Reserve Bank of India, etc.
- 2) The Buyback Offer Size is 24.7% of the fully paid-up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2016 and is within the statutory limits of 25% of the fully paid-up equity share capital and free reserves as per the last audited accounts of the Company.
- 3) This Letter of Offer is sent to the Equity Shareholder(s) / Beneficial Owner(s) of Equity Shares of the Company as on the Record Date i.e. January 13, 2017.
- 4) The procedure for tender and settlement is set out in paragraph 25 of this Letter of Offer. The tender form (“**Tender Form**”) is enclosed together with this Letter of Offer.
- 5) For mode of payment of consideration to the Equity Shareholders, please refer to paragraph 25(21) of Letter of Offer.
- 6) A copy of the Public Announcement issued on December 30, 2016 and this Letter of Offer (including Tender Form) is available on the website of Securities and Exchange Board of India - <http://www.sebi.gov.in>
- 7) Equity Shareholders are advised to refer to paragraph 21 (Details of Statutory Approvals) and paragraph 26 (Note on Taxation) before tendering their Equity Shares in the Buyback.

BUYBACK OPENS ON: February 13, 2017 (MONDAY)

BUYBACK CLOSES ON: February 27, 2017 (MONDAY)

LAST DATE OF RECEIPT OF COMPLETED TENDER FORMS AND OTHER SPECIFIED DOCUMENTS INCLUDING PHYSICAL SHARE CERTIFICATES BY THE REGISTRAR AND TRANSFER AGENT : March 1, 2017 (WEDNESDAY)



Kotak Mahindra Capital Company Limited

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Bandra Kurla Complex, Bandra (East),
Mumbai 400 051
Tel : +91 22 22 4336 0128
Fax : +91 22 22 6713 2447
E-mail : project.valbuyback@kotak.com
Contact Person : Mr. Ganesh Rane
SEBI Registration Number : INM000008704
CIN : U67120MH1995PLC134050



MCS Share Transfer Agent Limited

002 Kashiram Jamnadas Building,
Near Ghadiyal Ghodi 5 PD' Mello Road Masjid East,
Mumbai-Maharashtra 400009
Tel : +91-9969569190
Fax : +91-22-40206021
E-mail : subodh.mcssta@gmail.com
Contact Person : Mr. Subodh Vichare
SEBI Registration : INR000004108
CIN : U67120WB2011PLC165872

The Offer is pursuant to SEBI (Buy Back of Securities) Regulations, 1998 and subsequent amendments as well as in accordance with provisions of Section 68 and all other applicable provisions, if any, of the Companies Act, 2013

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1. **SCHEDULE OF ACTIVITIES**

Activity	Schedule of activities	
	Date	Day
Date of Board Meeting approving the proposal for the Buyback	October 22, 2016	Saturday
Public Announcement of Buyback	December 30, 2016	Friday
Record Date for determining the Buyback Entitlement and the names of Eligible Shareholders	January 13, 2017	Friday
Buyback Opens on	February 13, 2017	Monday
Buyback Closes on	February 27, 2017	Monday
Last date of receipt of completed Tender Forms and other specified documents including physical share certificates by the Registrar and Transfer Agent	March 1, 2017	Wednesday
Last date of verification by Registrar	March 1, 2017	Wednesday
Last date of providing Acceptance to the Stock Exchange by the Registrar	March 6, 2017	Monday
Settlement Date of bids on the Stock Exchange*	March 7, 2017	Tuesday
Date of dispatch of share certificate(s) by RTA / return of unaccepted demat shares by Stock Exchange to Selling Member#	March 7, 2017	Tuesday
Last Date of Extinguishment of Shares	March 14, 2017	Tuesday

* Although as per the regulations, the last date of settlement of bids on the Stock Exchange is March 8, 2017, the Company shall settle bids on March 7, 2017.

Although as per the regulations, the last date of dispatch of share certificate(s) by RTA / return of unaccepted demat shares by Stock Exchange to Selling Member is March 8, 2017, the dispatch of share certificate(s) by RTA / return of unaccepted demat shares by Stock Exchange to Selling Member shall happen by March 7, 2017.

2. KEY DEFINITIONS

Acceptance Form	Tender Form
Act	The Companies Act, 2013, as amended
Articles	Articles of Association of the Company
Board	Board of Directors of the Company
Board Meeting	Meeting of Board of Directors of Vardhman Acrylics Limited held on 22 nd October 2016
Bank	Kotak Mahindra Bank Limited
Buy-back Regulations	Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998
Buy-back Committee or Committee	Buyback committee comprising of Mr. S. P. Oswal, Chairman, Mr. Sachit Jain, Director, Mr. D. L. Sharma, Director, of the Company, constituted on 22 nd October, 2016
Buy-back Entitlement or Entitlement	The number of Equity Shares that an Eligible Shareholder is entitled to tender, in the Buy-back, based on the number of Equity Shares held by such Eligible Shareholder, on the Record Date and the ratio / percentage of Buy-back applicable to such Shareholder
Buy-back or Buy-back Offer or Offer	Offer to buyback 1,38,00,000 Equity Shares of Rs. 10/- each of Vardhman Acrylics Limited at a price of Rs. 50/- per Equity Share in accordance with the regulations and relevant provisions of the Act via the tender offer route
Buy-back Price or Offer Price	Price at which shares will be bought back from the shareholders i.e. Rs. 50/- per Equity Share
Buy-back Size or Offer Size	Number of Equity Shares proposed to be bought back multiplied by the Buy-back Price i.e. Rs. 69 Crores/-
Closing Date	February 27, 2017
Company	Vardhman Acrylics Limited
Companies Act	The Companies Act, 2013, as amended
Draft Letter of Offer or DLOF	Draft Letter of Offer dated January 6, 2017
DP	Depository Participant
Equity Share(s) or Share(s)	The Company's fully paid-up equity share(s) of face value of Rs. 10/- (Rupees Ten only) each
Equity Shareholder(s) or Shareholder(s) or Members	Holders of the Equity Shares of the Company
Eligible Person(s) or Eligible Shareholder(s)	Person(s) eligible to participate in the Buy-back Offer and would mean all equity shareholders/beneficial owner(s) of Equity Shares of the Company as on Record Date i.e. January 13, 2017 and excludes Person(s) who do not have the capacity under applicable law to tender shares.
Escrow Account	Escrow account opened in accordance with Buy-back Regulations, in the name of 'Vardhman Acrylics Limited Buyback - Escrow Account' bearing the account number 0312626066
Escrow Agent	Kotak Mahindra Bank Limited
Escrow Agreement	The escrow agreement entered into between the Company, the Manager to the Offer and Kotak Mahindra Bank Limited
FEMA	Foreign Exchange and Management Act, 1999
General Category	Eligible Shareholders other than the Small Shareholders
IT Act/ Income Tax Act	Income-tax Act, 1961, as amended
LOF or Letter of Offer	Letter of Offer dated January 30, 2017
Manager to the Buy-back or Manager to the Offer	Kotak Mahindra Capital Company Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Offer Period or Tendering Period	Period of ten working days from the date of opening of the Buy-back Offer i.e. February 13, 2017 till its closure i.e. February 27, 2017 (both days inclusive)
Opening Date	February 13, 2017

PA or Public Announcement	The Public Announcement, made in accordance with the Buyback Regulations, dated December 30, 2016, published in all editions of The Business Standard (English national daily), Business Standard (Hindi national daily), Ludhiana edition of Suraj (Regional language daily – Punjabi), Chandigarh edition of Desh Sevak (Regional language daily-Punjabi), Chandigarh and Ahmedabad editions of The Economic Times (English national daily) each with wide circulation
PAN	Permanent Account Number
RBI	Reserve Bank Of India
Record Date	The date for the purpose of determining the entitlement and the names of the Equity Shareholders, to whom the Letter of Offer will be sent and who are eligible to participate in the Buy-back Offer in accordance with Buy-back Regulations. This date shall be January 13, 2017
Registrar to the Buy-back or Registrar to the Offer	MCS Share Transfer Agent Limited
Reserved Category	The Small Shareholders eligible to tender Shares in the Buy-back
SEBI	The Securities and Exchange Board of India
Seller Member or Seller Broker	A Stock broker (who is a member of the NSE) of an Eligible Shareholder, through whom the Eligible Shareholder wants to participate in the Buy-back
Small Shareholder	An Equity Shareholder, who holds Equity Shares of market value not more than Rs. 200,000/- (Rupees Two Lacs Only), on the basis of closing price on the recognized stock exchange registering the highest trading volume, as on Record Date i.e. January 13, 2017
Share Capital Rules	Companies (Share Capital and Debentures) Rules, 2014
Shareholders	Holders of Equity Shares and includes beneficial owners thereof
Stock Exchange	National Stock Exchange of India Limited
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Tender Offer	Method of buyback as defined in Regulation 2(1)(o) of the Buy-back Regulations
TRS	Transaction Registration Slip

3. DISCLAIMER CLAUSE

As required, a copy of this Letter of Offer has been submitted to the SEBI.

It is to be distinctly understood that submission of the Letter of Offer to SEBI should not, in any way be deemed/construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of the Company to meet the Buy-back commitments or for the correctness of the statements made or opinions expressed in the offer document. The Manager to the Buy-back, Kotak Mahindra Capital Company Limited certifies that the disclosures made in the offer document are generally adequate and are in conformity with the provisions of the Companies Act and the Buy-back Regulations. This requirement is to facilitate investors to take an informed decision for tendering their Shares in the Buy-back.

It should also be clearly understood that while the Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the Manager to the Buy-back is expected to exercise due diligence to ensure that the Company discharges its duty adequately in this behalf and towards this purpose, the Manager to the Buy-back, Kotak Mahindra Capital Company Limited has furnished to SEBI a Due Diligence Certificate dated January 6, 2017 in accordance with Buy-Back Regulations, which reads as follows:

"We have examined various documents and material papers relevant to the Buy-back, as part of the due-diligence carried out by us in connection with the finalisation of the Public Announcement and Letter of Offer. On the basis of such examination and the discussions with the Company, we hereby state that:

- The Public Announcement and Letter of Offer are in conformity with the documents, materials and papers relevant to the Buy-back.
- All legal requirements connected with the said offer including SEBI (Buy-Back of Securities) Regulations, 1998, have been duly complied with.
- The disclosures in the Public Announcement and Letter of Offer are, to the best of our knowledge, true, fair and adequate in all material respects for the shareholders of the Company to make a well-informed decision in respect of the Buy-back.
- Funds used for Buy-back shall be as per the provisions of the Companies Act, 2013, as amended"

The filing of the Letter of Offer with SEBI does not however, absolve the Company from any liabilities under the provisions of the Companies Act or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Buy-back.

Promoters/ Directors of the Company declare and confirm that no information/ material likely to have a bearing on the decision of investors has been suppressed/ withheld and/ or incorporated in the manner that would amount to mis-statement/ misrepresentation and in the event of it transpiring at any point of time that any information/ material has been suppressed/ withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters/ directors and the Company shall be liable for penalty in terms of the provisions of the Companies Act and the Buy-back Regulations.

The promoters/ directors also declare and confirm that funds borrowed from banks and financial institutions will not be used for the Buy-back.

Disclaimer for U.S. Persons

The information contained in this Letter of Offer is exclusively intended for persons who are not U.S. Persons in term of the U.S. Securities Act of 1933, as amended, and who are not physically present in the United States of America. This Letter of Offer does not in any way constitute an offer to sell, or an invitation to sell, any securities in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America. Potential users of the information contained in this Letter of Offer are requested to inform themselves about and to observe any such restrictions.

Disclaimer for Persons in other foreign countries

This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. This Letter of Offer does not in any way constitute an offer to sell, or an invitation to sell, any securities in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation would subject the Company or the Manager to the Offer to any new or additional requirements or registrations. Potential users of the information contained in this Letter of Offer are requested to inform themselves about and to observe any applicable legal requirement or restrictions.

Forward Looking Statement:

This Letter of Offer contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases such as 'aim', 'anticipate', 'believe', 'expect', 'estimate', 'intend', 'objective', 'plan', 'project', 'will', 'will continue', 'will pursue' or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, inter alia, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

4. DETAILS OF RESOLUTION PASSED AT THE BOARD MEETING

The Buy-back through Tender Offer was considered and approved by the Board of Directors of the Company at their meeting held on October 22, 2016. The extracts of the Board resolution are as follows:

“RESOLVED THAT in accordance with Article 6 of the Articles of Association of the Company and the provisions of Sections 68, 69 and 110 and all other applicable provisions, if any, of the Companies Act, 2013 (the **“Act”**), the Companies (Share Capital and Debentures) Rules, 2014 (the **“Share Capital Rules”**), the Companies (Management and Administration) Rules, 2014 (the **“Management Rules”**), including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in compliance of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (the **“Buy-back Regulations”**), and subject to such other approvals, permissions and sanctions as may be necessary and subject to any modifications and conditions, if any, as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the **“Board”**), which expression includes any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) and further subject to shareholder approval, the consent of the Board of Directors of the Company be and is hereby accorded for the Buyback by the Company of its fully paid-up equity shares of a face value of Rs. 10/- each (**“Equity Share”**), from the members of the Company, for a total consideration not exceeding Rs. 69 crores (Rupees Sixty Nine Crores), excluding transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc. (hereinafter referred to as the **“Buyback Size”**), (being less than 25% of the total paid-up equity capital and free reserves of the Company as per latest audited balance sheet as on March 31, 2016), at a price not exceeding Rs.50/- (Rupees Fifty only) (**“Maximum Buy-back Price”**) per Equity Share payable in cash through the **“Tender Offer”** route (hereinafter referred to as the **“Buyback”**), in accordance and consonance with the provisions contained in the Buy-back Regulations and the Act.

RESOLVED FURTHER THAT the Buyback, to the extent permissible under law and subject to all applicable legal provisions, be implemented using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015.

RESOLVED FURTHER THAT the Company shall implement the Buyback from out of its free reserves and that the Buyback shall be through the tender offer route in such manner as may be prescribed under the Act and the Buy-back Regulations and on such terms and conditions as the Board of Directors may deem fit.

RESOLVED FURTHER THAT as required by Regulation 6 of the Buy-back Regulations, the Company shall buy back Equity Shares from the shareholders on a proportionate basis under the Tender Offer, provided 15% of the number of Equity Shares which the Company proposes to buy back or number of Equity Shares entitled as per the shareholding of small shareholders at Record Date, whichever is higher, shall be reserved for small shareholders, as defined in the Buyback Regulations.

RESOLVED FURTHER THAT nothing contained hereinabove shall confer any right on the part of any shareholder to offer, or any obligation on the part of the Company or the Board of Directors to buyback any shares and/or impair any power of the Company or the Board of Directors to terminate any process in relation to such Buyback if so permissible by law.

RESOLVED FURTHER THAT the Company shall earmark adequate sources of funds for the purpose of the Buyback.

RESOLVED FURTHER THAT a Buyback Committee comprising of Mr. S.P. Oswal, Chairman, Mr. Sachit Jain and Mr. D. L. Sharma, Directors of the Company be and is hereby constituted and the powers of the Board in respect of Buyback be delegated to the Committee (**“Buyback Committee”**) and each member of the Buyback Committee are hereby severally authorized to do all such acts, deeds and things as may be necessary, expedient or proper with regard to the implementation of the buy back, including, but not limited to, the following:

1. The appointment of Merchant Banker, Registrar, Broker, DP, Printer, Advertisement Agency, Compliance Officer and other Advisors, Consultants or Representatives.
2. The initiating of all necessary actions for preparation of postal ballot notice along with explanatory statement and seek shareholder approval for the Buy-back.
3. The initiating of all necessary actions for preparation and issue of Public Announcement, Letter of Offer and related documents.
4. The filing of Public Announcement, draft Letter of Offer, Letter of Offer related documents and also the certificates for Declaration of Solvency.
5. The making of all applications to the appropriate authorities for their requisite approvals.
6. Earmarking and making arrangements for adequate sources of funds for the purpose of the Buyback.
7. The opening, operation and closure of cash Escrow Account and Special Account in accordance with the Escrow Agreement.
8. The opening, operation and closure of demat Escrow Account in accordance with the DP Escrow Agreement.
9. To settle all such questions, difficulties or doubts that may arise in relation to the implementation of the Buy-back.
10. To sign the documents as may be necessary with regard to the Buyback and use the Common Seal of the Company on relevant documents required to be executed for the Buyback of shares.
11. Extinguishment of share certificates and Certificate of extinguishment required to be filed in connection with the Buyback on behalf of the Board.
12. To do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, usual or proper.
13. Sign, execute and deliver such documents as may be necessary or desirable in connection with or incidental to the Buyback.

14. To delegate all or any of the authorities conferred as above to any Officer(s)/Authorized Representative(s) of the Company to give effect to the aforesaid resolution or to accept any change(s) or modification(s) as may be suggested by the appropriate authorities or Advisors.

RESOLVED FURTHER THAT the Buy-back Committee shall have the power and authority to delegate all or any of the authorities conferred upon it to any officer(s) and/or representatives of the Company, in order to give effect to the aforesaid resolutions and to revoke and substitute such delegation/sub-delegation of authority from time to time.

RESOLVED FURTHER THAT the quorum for a meeting of the Buy-back Committee shall be presence of any two members and Buy-back Committee may regulate its own proceedings and meet as often as required, to discharge its functions.

RESOLVED FURTHER THAT Ms. Ruchita Vij, Company Secretary, shall act as a Secretary to the Buy-back Committee.

RESOLVED FURTHER THAT the Buy-back Committee do report from time to time to the Board at the meeting of the Board, status/progress of actions taken by the Buy-back Committee concerning buyback and the minutes of meeting(s) of the Buy-back Committee held in the intervening period of two successive meetings of the Board shall be put up at the subsequent meeting of the Board.

RESOLVED FURTHER THAT in compliance with Securities and Exchange Board of India (Buyback of Securities) Regulations 1998, Kotak Mahindra Capital Company Limited be appointed as Merchant Banker for the proposed buyback transaction.

RESOLVED FURTHER THAT the Board confirms that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion:-

1. That immediately following the date of Board Meeting held on 22nd October 2016, there will be no grounds on which the Company can be found unable to pay its debts.
2. That as regards the Company's prospects for the year immediately following that date and having regard to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources, which will, in the Board's view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date.
3. In forming its opinion aforesaid, the Board has taken into account the liabilities as if the Company were being wound up under the provisions of the Act (including prospective and contingent liabilities).

RESOLVED FURTHER THAT the Board hereby confirms that:

1. All the equity shares for Buyback are fully paid-up;
2. That the Company has noted that the Company shall not issue and allot any Equity Shares including by way of bonus or convert any outstanding ESOPs/outstanding instruments into Equity Shares, till the date of closure of this Buyback;
3. That the Company, as per provisions of Section 68(8) of the Companies Act, shall not make further issue of the same kind of shares or other specified securities within a period of six months after the completion of the Buyback except by way of bonus shares or equity shares issued to discharge subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares;
4. That the Company shall not buyback its shares from any person through negotiated deal whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback;
5. That there are no defaults subsisting in the repayment of Deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
6. That funds borrowed from Banks and Financial Institutions will not be used for the Buyback;
7. That the aggregate amount of the Buyback i.e. Rs 69 crores (Rupees Sixty Nine crores Only) does not exceed 25% of the total paid-up equity capital and free reserves of the Company as on March 31, 2016;
8. That the maximum number of shares proposed to be purchased under the Buyback i.e. 1,38,00,000 Equity Shares, does not exceed 25% of the total number of shares in the paid-up equity capital as per the audited balance sheet as on March 31, 2016;

That the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up equity share capital and free reserves after the Buyback.

5. DETAILS OF PUBLIC ANNOUNCEMENT

The Public Announcement dated December 30, 2016 was made in the following newspapers, in accordance with Regulation 8(1) of the Buy-back Regulations, within two working days from the date of passing the resolution by the members of the Company, on December 29, 2016:

Publication	Language	Editions
BusinessStandard	English	All
Business Standard	Hindi	All
Suraj	Punjabi	Ludhiana
Desh Sewak	Punjabi	Chandigarh
Economic Times	English	Chandigarh
Economic Times	English	Ahmedabad

The Public Announcement is available on the SEBI website at www.sebi.gov.in

6. DETAILS OF THE BUY-BACK OFFER

1. The Board of Directors of Vardhman Acrylics Limited at its meeting held on October 22, 2016 approved the Buyback of 1,38,00,000 Equity Shares at a maximum price of Rs. 50/- (Rupees Fifty only) per Equity Share up to an aggregate amount not exceeding Rs. 69 crores (Rupees Sixty Nine crore only) excluding the transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc., which is 24.67% of the total paid-up equity capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2016, through the "Tender Offer" route as prescribed under the Buyback Regulations on a proportionate basis, from the equity shareholders / beneficial owners of the Equity Shares of the Company as on the Record Date, in accordance with the provisions of the Act, Rules thereunder, and the Buyback Regulations. The Company had sought approval of its shareholders, by a special resolution, through postal ballot notice (the "**Notice**"), the results of which were announced on December 29, 2016. The shareholders have authorised the Board of Directors (the "**Board**", which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised "**Committee**" thereof) to determine the total amount to be deployed in the Buyback, final Buyback price, number of equity shares to be bought back within the aforesaid limits. The Buyback is subject to receipt of any approvals, permissions and sanctions of statutory, regulatory or governmental authorities as may be required under applicable laws, including SEBI, and the Stock Exchange.
2. Pursuant to the Shareholders approval, the Committee at its meeting held on December 29, 2016 have determined the final Buy-back Price of Rs. 50/- (Rupees Fifty only) ("**Buy-back Price**") and the final aggregate amount for Buyback to be Rs. 69 crore (Rupees Sixty Nine crores only) ("**Buyback Size**") excluding transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc., which is 24.67% of the total paid-up equity capital and free reserves as per the standalone audited accounts of the Company for the financial year ended March 31, 2016. With the Buy-back Price of Rs. 50/- and Buyback Size of Rs. 69 crore, the total number of shares to be bought back in the Buyback shall be 1,38,00,000 Equity Shares, representing 14.84% of the total issued and paid-up equity capital of the Company.
3. The Buy-back shall be undertaken on a proportionate basis from the Shareholders as of the Record date, being January 13, 2017, through the Tender offer. Additionally, the Buy-back shall be, subject to applicable laws, facilitated by tendering of Equity Shares by such Shareholders and settlement of the same, as prescribed in the SEBI Circular.
4. In terms of the Buy-back Regulations, under Tender Offer, the Promoter and Promoter Group have the option to participate in the Buy-back. In this regard, the Promoter and Promoter Group have informed the Company vide their letter dated October 22, 2016 regarding their intention to participate in the Buy-back. The extent of their participation in the Buy-back has been detailed in clause 13.5 of this Letter of Offer.
5. The Buy-back Price represents a premium of 14.47% over the volume weighted average price of the Equity Shares on NSE for 3 months preceding October 19, 2016 (the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buy-back) and 5.07% over the volume weighted average price of the Equity Shares on the NSE, for 2 weeks preceding October 19, 2016 (the date of intimation to the Stock Exchange for the Board Meeting to consider the proposal of the Buy-back).
6. The aggregate paid-up share capital and free reserves of the Company as on March 31, 2016 was Rs. 279.7 crores (Rupees Two Hundred And Seventy Nine crores and Seventy lakhs only) and under the provisions of the Act, the funds deployed for Buy-back shall not exceed 25% of the paid-up capital and free reserves of the Company under shareholder approval route. Accordingly, the maximum amount that can be utilised in the present Buy-back is Rs. 69.9 crores (Rupees Sixty Nine crores and Ninety lakhs only). The aggregate amount proposed to be utilised for the Buy-back is Rs. 69 crores/- (Rupees Sixty Nine crores only), which is within the maximum amount as aforesaid.
7. Further, under the Companies Act, the number of equity shares that can be bought back during the financial year shall not exceed 25% of the paid-up equity shares of the Company. Accordingly, the number of equity shares that can be bought back during the financial year cannot exceed 23,251,959 equity shares being 25% of 9,30,07,836 equity shares of face value of Rs. 10/- each. Since the Company proposes to Buy-back up to 1,38,00,000 equity shares, the same is within the aforesaid 25% limit.
8. Pursuant to the proposed Buyback and depending on the response to the Buyback, the voting rights of the promoter and promoter group in the Company may increase over the existing 74.81% holding in the total equity capital and voting rights of the Company. The promoter and promoter group of the Company are already in control over the Company and therefore such further increase in voting rights of the promoter group will not result in any change in control over the Company. The promoter and promoter group have undertaken that in case there is an increase in voting rights of the promoter and promoter group beyond 75%, necessary steps will be taken to reduce the shareholding of the promoter group in accordance with the provisions contained under Rule 19A of the Securities Contract (Regulation) Rules, 1957, so that the Company is in due compliance of the Minimum Public Shareholding Requirement. The Company and the promoter and promoter group have undertaken to comply with the Minimum Public Shareholding Requirements even after the Buyback.

7. AUTHORITY FOR THE BUY-BACK

The Buy-back is being undertaken by the Company in accordance with Article 6 of the Articles, the provisions of section 68, 69, 70 and other applicable provisions of the Companies Act, the Rules thereunder and the Buy-back Regulations. The Buy-back is subject to such other approvals and permissions, as may be required from statutory, regulatory or governmental authorities under applicable laws.

The Board at its meeting dated October 22, 2016, passed a resolution approving the Buy-back of Equity Shares of the Company and sought approval of its Shareholders, by a special resolution, through a Postal Ballot Notice. The Shareholders of the Company have approved the Buyback by way of a special resolution, through the postal ballot, the results of which were declared on December 29, 2016.

8. NECESSITY AND BASIS FOR BUYBACK

The Board of the Company, at its meeting held on 22nd October, 2016, considered all relevant factors, including the present leverage and current liquidity position of the Company and the increase in accumulated free reserves, and considered it

appropriate to allocate a sum not exceeding Rs. 69 crores (Rupees Sixty Nine crores only) for distributing to the members holding equity shares of the Company, through a Buyback.

Thus, after considering several factors as well as benefits to the members holding equity shares of the Company, the Board decided to recommend Buyback at a price not exceeding Rs. 50/- (Rupees Fifty only) per equity share for an aggregate consideration of up to Rs. 69 Crores (Rupees Sixty Nine Crores only).

The Shareholders of the Company have approved the Buyback by way of a special resolution, through the postal ballot, the results of which were declared on December 29, 2016.

Subsequently, the Committee in its meeting held on December 29, 2016 decided the final price at Rs. 50/- (Rupees Fifty Only) per equity share for an aggregate consideration of up to Rs. 69 Crores (Rupees Sixty Nine Crores Only) for the buyback of 1,38,00,000 equity shares

Buyback is a way of rewarding shareholders in an expedient, efficient and cost effective manner. Additionally, the Company's management strives to increase shareholders' value and the Buyback would result in, amongst other things:

1. Distribution of surplus funds to the members holding equity shares broadly in proportion to their shareholding, thereby, enhancing the overall return to members;
2. Enhancing shareholders' confidence;
3. Achieving optimal capital structure;
4. Mitigating the short term market volatility
5. The Buyback, which is being implemented through the Tender Offer route as prescribed under the Buy-back Regulations, would involve allocation of 15% of the outlay to small shareholders. The Company believes that this reservation of 15% for small shareholders would benefit a large number of public shareholders, who would get classified as "small shareholder";
6. The Buyback would help in improving return on equity, by reduction in the equity base, thereby leading to long term increase in shareholders' value;
7. The Buyback gives an option to the members holding equity shares of the Company, who can choose to participate and get cash in lieu of Equity Shares to be accepted under the Buyback Offer or they may choose to not participate and enjoy a resultant increase in their percentage shareholding, post the Buyback Offer, without additional investment.

9. MAXIMUM AMOUNT REQUIRED UNDER THE BUYBACK

The maximum amount required under the Buyback would not exceed Rs. 69 crores/- (Rupees Sixty Nine crores only), which is 24.67% of the total paid-up capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2016 (excluding transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc.)

The Buyback would be financed out of free reserves of the Company. The Company shall transfer from its free reserves a sum equal to the nominal value of the equity shares bought back through the Buyback to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited Balance Sheet.

The Company confirms that as required under Section 68(2)(d) of the Act, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up equity share capital and free reserves after the Buyback.

10. MAXIMUM PRICE FOR BUYBACK OF THE EQUITY SHARES

The Equity Shares are proposed to be bought back at a price of Rs. 50/- (Rupees Fifty only). The Buy-back Price has been arrived at after considering many factors, including, but not limited to the trends in the volume weighted average prices of the Equity Shares of the Company on the NSE i.e. the Stock Exchange where the Equity Shares of the Company are listed during last three months and two weeks, the net worth of the Company, price earnings ratio and the possible impact of Buyback on the earnings per share and other financial parameters

The Buy-back Price represents a premium of 14.47% over the volume weighted average price of the Equity Shares on NSE for 3 months preceding October 19, 2016 (the date of intimation to the Stock Exchange for the Board Meeting to consider the proposal of the Buyback) and 5.07% over the volume weighted average price of the Equity Shares on NSE, for 2 weeks preceding October 19, 2016 (the date of intimation to the Stock Exchange for the Board Meeting to consider the proposal of the Buyback).

11. MAXIMUM NUMBER OF SHARES THAT THE COMPANY PROPOSES TO BUYBACK AND TIMELINES

The Company proposes to buyback up to 1,38,00,000 Equity Shares representing up to 14.84% of the total issue and paid up equity capital of the Company.

The Buyback is proposed to be completed within 12 months of the date of special resolution approving the proposed Buyback.

12. MANAGEMENT DISCUSSION AND ANALYSIS ON LIKELY IMPACT OF THE BUY-BACK ON THE COMPANY

1. The Buy-back is not likely to cause any impact on the profitability/ earnings of the Company, except to the extent of reduction in the amount available for investment, which the Company could have otherwise deployed towards generating investment income. In the event that there is 100% acceptance of the Equity Shares tendered in the Buy-back from Shareholders on a proportionate basis, the funds deployed by the Company towards the Buy-back would be Rs. 69 crores/- (Rupees Sixty Nine crores only). This shall impact the investment income earned by the Company, on account of reduced amount of funds available for investments.
2. The Buy-back is not expected to impact growth opportunities for the Company.
3. The Buy-back is expected to contribute to the overall enhancement of shareholder value and result in an increase in the return on equity of the Company.
4. The Buy-back will not result in a change in control or otherwise affect the existing management structure of the Company.

5. In terms of the Buy-back Regulations, under the Tender Offer route, the promoters of the Company have the option to participate in the Buyback. In this regard, the promoter and promoter group of the Company have expressed their intention vide their letter dated October 22, 2016, to tender their Equity Shares in the Buyback. The Promoter and promoter group hereby intend to participate in the Buyback and offer up to an aggregate maximum number of 93,28,447 Equity Shares or such lower number of Equity Shares depending up on the response received in the buyback from the public shareholders and subject to the combined shareholding of the promoter and promoter group remaining at least 72% of the post buyback total paid up equity capital to the extent possible.

Details of the date and price of acquisition of the Equity Shares that promoters intend to tender are set-out below:

VARDHMAN TEXTILES LTD				
Date of purchase	Number of shares	Nominal Value	Issue Price / Transfer price	Nature of Transaction
01-Feb-97	30,29,505	10	10	Allotment
09-Feb-98	59,20,185	10	10	Allotment
Total	89,49,690			
DEVAKAR INVESTMENT & TRADING CO PVT. LIMITED				
Date of purchase	Number of shares	Nominal Value	Issue Price / Transfer price	Nature of Transaction
17-Feb-09	100	10	3.87	Market Purchase
26-Dec-13	2,00,000	10	15.45	Market Purchase
27-Dec-13	89,018	10	15.34	Market Purchase
Total	2,89,118			
VARDHMAN HOLDINGS LTD				
Date of purchase	Number of shares	Nominal Value	Issue Price / Transfer price	Nature of Transaction
10-Nov-08	1,500	10	3.75	Market Purchase
11-Nov-08	7,577	10	3.78	Market Purchase
12-Nov-08	71,076	10	3.78	Market Purchase
14-Nov-08	1,646	10	3.78	Market Purchase
Total	81,799			
VTL INVESTMENTS LTD				
Date of purchase	Number of shares	Nominal Value	Issue Price / Transfer price	Nature of Transaction
27-Jun-14	7,840	10	21.27	Market Purchase
Total	7,840			

6. Consequent to the Buy-back and based on the number of shares bought back within each category of shareholders, the shareholding pattern of the Company would undergo a change
7. The aggregate shareholding of the promoter group, directors of the promoter group companies is 6,95,77,607 Shares, comprising 74.81% of the equity share capital of the Company as on September 30, 2016 as shown below

Sr. No	Name of Shareholder	No. of Shares held	Percentage
1	Vardhman Textiles Limited	6,58,00,834	70.75%
2	Vardhman Holdings Limited	8,15,561	0.88%
3	Devakar Investment & Trading Co. (P) Ltd.*	28,82,602	3.10%
4	Mahavir Spinning Mills Private Limited	100	0.00%#
5	Santon Finance & Investment Company Limited	100	0.00%#
6	Ramaniya Finance & Investment Company Limited	100	0.00%#
7	Flamingo Finance & Investment Company Limited	100	0.00%#
8	Adishwar Enterprises LLP	10	0.00%#
9	VTL Investments Limited	78,170	0.08%
10	Shri Paul Oswal	10	0.00%#
11	Shakun Oswal	10	0.00%#
12	Sachit Jain	10	0.00%#
	Total	6,95,77,607	74.81%

Negligible; * Srestha Holdings Pvt. Ltd, Anklesh Investments Pvt. Ltd, Pradeep Mercantile Co. Pvt. Ltd, Plaza Trading Co. Pvt. Ltd, Marshall Investment & Trading Co. Pvt. Ltd and Syracuse Investment & Trading Co. Pvt. Ltd have been amalgamated with Devakar Investment & Trading Co. Pvt. Ltd., with effect from 01.04.2015

None of the Directors or Key Managerial Personnel of the Company holding any Equity Shares in the Company except for the following:

Sr. No	Shareholding of each Directors & each Key Managerial Personnel	No. of Shares held	Percentage
1	Shri Paul Oswal	10	0.00% [#]
2	Sachit Jain	10	0.00% [#]

#Negligible

None of the Directors of the promoters, where the promoter is a company, hold any Equity Shares in the Company except for the following:

Sr. No	Shareholding of Directors of Promoter Company	No. of Shares held in the Company (VAL)	Percentage
1	Shri Paul Oswal	10	0.00% [#]
2	Sachit Jain	10	0.00% [#]
3	Shakun Oswal	10	0.00% [#]
4	Sat Pal Kanwar	1,500	0.00% [#]

#Negligible

8. Pursuant to the proposed Buy-back and depending on the response to the Buy-back, the voting rights of the Promoter and Promoter group in the Company may increase over the existing 74.81% holding in the total equity capital and voting rights of the Company. The Promoter and Promoter group of the Company are already in control over the Company and therefore such further increase in voting rights of the promoter group will not result in any change in control over the Company. The promoter and promoter group have undertaken that in case there is an increase in voting rights of the promoter and promoter group beyond 75%, necessary steps will be taken to reduce the shareholding of the promoter group in accordance with the provisions contained under Rule 19A of the Securities Contract (Regulation) Rules, 1957, so that the Company is in due compliance of the Minimum Public Shareholding Requirement. The Company and the promoter and promoter group have undertaken to comply with the Minimum Public Shareholding Requirements even after the Buyback.

Further, the Promoter and Promoter Group vide their letters dated January 24, 2017 have also confirm that in case the total Promoter and Promoter Group shareholding goes beyond 75%, post Buyback, they will reduce their shareholding to the extent required, in accordance with timelines specified in proviso to Regulation 10(4)(c) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended i.e. within a period of ninety days from the date of closure of the Buyback offer, to ensure compliance with the minimum public shareholding requirements.

9. Assuming response to the Buy-back is to the extent of 100% (full acceptance) from all the Shareholders upto their entitlement, the aggregate shareholding of the promoters and promoter group, post Buy-back may increase to 75.77% from 74.81% pre Buy-back, and the aggregate shareholding of the public in the Company shall decrease to 24.23% post Buy-back from 25.19% pre Buy-back.
10. Consequent to the Buy-back and based on the number of Equity Shares bought back from the Non-Resident Shareholders, Indian financial institutions, banks, mutual funds and the public including other bodies corporate, their shareholding would undergo a change.
11. The debt-equity ratio post Buy-back will be compliant with the permissible limit of 2:1 prescribed by the Companies Act, even if the response to the Buy-back is to the extent of 100% (full acceptance) from all the Equity Shareholders upto their Buy-Back Entitlement.
12. The Company shall not issue any equity shares or other securities (including by way of bonus) till the date of closure of the Buy-back.
13. The Company shall not raise further capital for a period of one year from the closure of Buy-back except in discharge of its subsisting obligations.
14. Salient financial parameters consequent to the Buy-back based on the latest audited results as on March 31, 2016 are as under:

Particulars	Pre Buyback*	Post Buyback*
Net Worth (in ₹ millions) ^a	2,952	2,262
Return on Net Worth/ Return on Equity (%) ^b	10.10%	13.17%
Basic Earnings per Share - Basic (₹) ^c	3.21	3.77
Book value per Share/ NAV per Share (₹)	32	29
P/E as per the latest audited financial result (₹) ^d	14.8	12.6
Total Debt/Equity Ratio	0.002	0.003

Note:

- a) For the above purpose, "Networth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited standalone balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. Includes 'Capital Redemption Reserves' (As of Mar 31, 2016, Company had Capital Redemption Reserves amounting to Rs. 155.2 mn)
- b) Pre and post Buy-back calculations are based on audited standalone financials as on March 31, 2016. The post Buy-back numbers are calculated by reducing the net worth by the proposed Buy-back amount (assuming full acceptance) without factoring in any impact on the profit & loss account.
- c) Return on Networth computed as Profit after Tax for the period divided by Networth as at the end of relevant period.
- d) PE Ratio is calculated as on 31.12.2016
- e) Total debt / equity Ratio = Total debt divided by Networth

13. BASIS OF CALCULATING BUY-BACK PRICE

The equity shares of the Company are proposed to be bought back at a price of Rs. 50/- (Rupees Fifty Only) per equity share. The Buy-back Offer Price has been arrived at after considering various factors such as the volume weighted average prices of the Equity Shares of the Company on the NSE (where the Equity Shares of the Company are listed), the net worth of the Company and the impact of the Buy-back on the key financial ratios of the Company.

The Buy-back Offer price of Rs. 50/- (Rupees Fifty Only) per equity share represents a premium of 14.47% over the volume weighted average price of the Equity Shares on the NSE for 3 months preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buy-back and 5.07% over the volume weighted average price of the Equity Shares on the NSE, for 2 weeks preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buy-back

For trends in the market price of the Equity Shares, please refer to paragraph 20 of this Letter of Offer.

The closing market price of the Equity Shares as on the date of intimation to the NSE for the Board Meeting for considering the Buy-back, was Rs. 49.95 on the NSE.

The earning per share of the Company pre-Buy-back as on March 31, 2016 was Rs.3.21 which will increase to Rs.3.77 post Buy-back assuming full acceptance of the Buy-back and subject to notes as disclosed under Section 12.

The return of net-worth of the Company pre Buy-back as on March 31, 2016 was 10.10% which will increase to 13.17% post Buy-back assuming full acceptance of the Buy-back and subject to notes as disclosed under Section 12.

14. SOURCES OF FUNDS

1. Assuming full acceptance, the funds that would be deployed by the Company for the purposes of the Buy-back, would be Rs. 69 crores/- (Rupees Sixty Nine crores only).
2. The funds for Buy-back will be available from cash balances available with the Company and /or liquidation of financial instruments held by the Company that have been generated through internal accruals. The Company does not intend to raise additional debt for the explicit purposes of the Buy-back. Thus, borrowed funds will not be used for the Buy-back. The cost of financing the Buy-back would be notional loss in other income, if any. However, if required, the Company may borrow funds in the ordinary course of its business.

15. DETAILS OF ESCROW ACCOUNT AND AMOUNT TO BE DEPOSITED THEREIN

In accordance with Regulation 10 of the Buyback Regulations, an Escrow Agreement has been entered into amongst the Company, Manager to the Buyback and the Escrow Agent having its registered office at 27 BKC, C27, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051 on December 5, 2016. In addition, in accordance with Regulation 10 of the Buyback Regulations, a Security Agreement has been entered into amongst the Company and the Manager to the Buyback on December 5, 2016.

In terms of the Escrow Agreement and the Security Agreement, the Company has (a) opened an escrow account in the name and style "Vardhman Acrylics Buyback – Escrow Account" bearing the account number 0312626066; (b) deposited in the Escrow Account cash aggregating to a sum of Rs. 69,00,000/- (Rupees Sixty Nine lacs only) i.e. equivalent to 1% of the Buyback Size by way of security for the fulfillment of its obligations under the Buyback on December 12, 2016; and (c) on December 21, 2016 pledged acceptable securities with appropriate margin in favour of the Manager to the Buyback for a value of Rs. 24.24 crores/- (Rupees Twenty Four Crores Twenty Four Lacs Only) as per the table given below, being in excess of sum of i) 25% of the consideration payable upto Rs.100 crores under the Buyback, in accordance with the Buyback Regulations. Such securities have been pledged in favour of the Manager to the Buyback with powers delegated to the Manager to the Buyback to realize the value of the securities in accordance with the Buyback Regulations.

The amount of cash deposited in the Escrow Account and the value of the acceptable securities pledged is in accordance to the amount required to be deposited in terms of the Buyback Regulations. The amount deposited in the Escrow Account has been confirmed vide a confirmation letter dated December 13, 2016 issued by the Bank.

Details of securities pledged in favour of Manager to the Buyback are as follows:

Name of Security	ISIN	Number of Units (with Margin)	Net Asset Value per Unit* (Rs.)	Amount (Rs. Lacs)
IDFC Dynamic Bond Fund-Growth-Direct Plan	INF194K01N63	3335393.732	20.51	684.20
Edelweiss Bond Fund-Direct Plan-Growth	INF843K01CE1	9690611.090	17.96	1,740.34
Total				4,424

*Net Asset Value as on December 21, 2016

The Manager to the Offer has been empowered to operate the Escrow Account in accordance with the Buyback Regulations. If there is any deficit on realization of value of the securities, the Merchant Banker shall make good any such deficit in accordance with regulation 10(6) of the Buyback Regulations.

16. FIRM FINANCING ARRANGEMENTS

1. The Company, duly authorized by its Buy-back Committee, has identified and earmarked specific investments for the purpose of fulfillment of the obligations of the Company under the Buy-back. Such investments, together with funds provided for escrow arrangements, are in excess of the Buy-back Size.
2. Based on the resolution of the Buy-back Committee dated December 5, 2016 in this regard, and other facts/documents, Naresh Batra, Proprietor of Naresh Batra & Co., (Membership number 505905), Chartered Accountants (with office address at 3620-A, South Model Garm, Near Sampuran Place, Ludhiana, Punjab -141002), have certified, vide their letter dated December 14, 2016 that the Company has made firm financing arrangements for fulfilling the obligations under the Buy-back.
3. The Manager to the Buy-back, having regard to the above, confirms that firm arrangements for fulfilling the obligations under the Buy-back are in place.

17. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

1. The capital structure as on March 31, 2016 is as follows:

	Pre Buy-back (Rs. Lacs)
Authorised Share Capital 150,000,000 Equity Shares of Rs. 10/- each	15,000.00
Issued, Subscribed and Paid-Up Share Capital 93,007,836 fully paid-up Equity Shares of Rs. 10/- each	9,300.78

2. Assuming full acceptance in the Buy-back the capital structure post Buy-back would be as follows:

	Post Buy-back (Rs. Lacs)
Authorised Share Capital 150,000,000 Equity Shares of Rs. 10/- each	15,000.00
Issued, Subscribed and Paid-Up Share Capital 79,207,836 fully paid-up Equity Shares of Rs. 10/- each	7,920.78

3. As on the date of the Public Announcement, there are no outstanding preference shares, no partly paid-up equity shares, no outstanding convertible instruments or calls in arrears.
4. The Company shall not issue and allot any Shares including by way of bonus or convert any ESOPs into Shares, from the date of Public Announcement till the date of closure of this Buy-back.
5. The Board of Directors of the Company at its meeting held on May 9, 2012 approved the buyback of up to 2 crore fully paid up equity shares of 10/- each, at a price not exceeding Rs.12.50/- payable in cash, up to an aggregate amount not exceeding Rs. 25 crore from the open market through Stock Exchange(s). The company bought back 15,524,672 shares from the open market resulting in 93,007,836 paid up shares. The said buyback offer opened on May 29, 2012 and closed on May 8, 2013. The buyback was under open market mechanism with board approval and Company bought shares at throughout this period and payments were made to the selling shareholders via stock market settlement mechanism (T+2 settlements on the floor of the exchange).
6. The shareholding pattern of the Company as on January 13, 2017 as well as post Buy-back shareholding, are as shown below:

Particulars	Number of Shares	% to existing share capital	No. of Shares post Buy-back*	% holding post Buy-back*
Promoter Group	69,577,607	74.81	60,017,104	75.77
Foreign Investors (OCBs/FIIs/NRIs/Non residents/ Non-domestic companies)	1,331,887	1.43		
Indian Financial Institutions/ Banks/Mutual Funds/Govt. Companies	99,611	0.11	19,190,732	24.23
Public including other Bodies Corporate	21,998,731	23.65		
Total	93,007,836	100	79,207,836	100

* Assuming full acceptance of Equity Shares in the Buy-back in the ratio of their entitlement

7. No Equity Shares of the Company have been purchased/ sold by any member of the Promoter/ Promoter group, directors and key managerial personnel of the Company during the period from twelve months preceding the date of the Board Meeting at which the Buy-back was approved and from the date of the Board Meeting till the date of this Letter of Offer.
8. Assuming full acceptance of the Buy-back, the issued, subscribed and paid up equity share capital of the Company would be Rs. 7,921 Lacs comprising 79,207,863 Shares of Rs. 10/- each as more fully set out in clause 18 (2) of this Letter of Offer.
9. There is no pending scheme of amalgamation or compromise or arrangement pursuant to any provisions of the Act.

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BRIEF INFORMATION ABOUT THE COMPANY

1. Vardhman Acrylics Limited ("**Company**") was incorporated on December 24, 1990 under the Companies Act, 1956. The registered office of the Company is located at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab-141010
2. The paid up equity share capital of the Company for the year ended March 31, 2016 was Rs. 9,301 Lacs and the reserves and surplus for the year ended March 31, 2016 were Rs. 20,222 Lacs.
3. The shares of the Company were listed on NSE on September 26, 2003 and on the Ludhiana Stock Exchange Limited on September 27, 2003. However in year 2014 the Ludhiana Stock Exchange Limited has voluntarily surrendered its recognition as stock exchange and the SEBI had passed the exit order on December 30, 2014.

HISTORY AND GROWTH OF BUSINESS

- a) The Company commenced commercial production in March 1999 at its plant at Jhagadia, Gujarat with a capacity to manufacture 16,500 tonnes per annum of acrylic staple fibre / tow. Since then, Vardhman Acrylics Limited has expanded its manufacturing capacity and is currently considered one of the leading players in the domestic acrylic fibre market. The Company has a single manufacturing facility at Jhagadia in Gujarat. The current capacity of the manufacturing facility is 20,500 tonne per annum (tpa). The manufacturing facility uses wet spun technology for the manufacture of acrylic fiber / tow, which has been sourced from Japan Exlan Co. Ltd., Japan. Vardhman Acrylics is among the large players in the domestic acrylic fibre market, with a current capacity of 20,500 tonne per annum (tpa). It has a single manufacturing facility at Jhagadia in Gujarat.
- b) Vardhman Acrylics Ltd was a joint venture between Marubeni Corporation of Japan and Japan Exlan Company Ltd, entered into for the purpose of setting up an acrylic staple fibre plant at Gujarat with a capacity of 16,500 tpa. The acrylic staple fibre is sold under the brand name of 'VARLAN'. Acrylic fibre is used to manufacture hand-knitted yarn, blankets, jerseys, sweaters, saris, upholstery, and carpets. In September 2003, Company was listed pursuant to an Initial Public Offer (IPO) by way of divestment of 25% of the paid-up equity share capital of the company, which were offered to the public. The objective of the offer for sale was to get the company listed on recognized stock exchanges, to enhance the company's visibility and corporate image. It also provided liquidity to the existing shareholders and a public market for the company's equity shares in India. Since then, Vardhman Acrylics Limited has expanded its manufacturing capacity and is currently considered one of the leading players in the domestic acrylic fibre market with current installed capacity of 20,500 tonne per annum (tpa).
- c) At present, the Company is a subsidiary of Vardhman Textiles Limited with a holding of 70.75% by the latter in Vardhman Acrylics Ltd.
- d) In FY16, Company has achieved a turnover of Rs. 44,668.05 Lacs against a turnover of Rs. 54,080.28 Lacs in the previous year (FY15). After providing for depreciation of Rs. 456.94 lacs (previous year Rs. 476.87 lacs) and provision for current tax of Rs. 1,500.00 lacs (previous year Rs. 1,062.69 lacs), deferred tax of Rs. (8.51) lacs (previous year Rs. 56.49 lacs), Profit after tax of the Company is Rs. 2,982.86 lacs as against a net profit of Rs. 3,342.11 lacs in the previous year. This is about 11% lower than 2014-15. Main reasons for drop in turnover were reduction in sale price of AF due to drop in crude oil prices.

BUSINESS OUTLOOK:

Indian economy is expected to grow by 7.8% in CY 2016 (7.3% in CY 2015) as forecasted by World Bank. Similar figures for World are 2.9% (2.4%), USA 2.1% (1.6%) and China 6.3% (6.4%). Estimates for fiscal 2016-17 by RBI and other financial institutions for India's GDP are 7.6-7.8%. Consumer Price Inflation is steadily coming down and is now below 5% prompting RBI to also reduce benchmark lending rates.

Expectation of good monsoon is also likely to lead to increased rural income and spending and improved business sentiment in India.

China is expected to adopt policies leading to growth of services and domestic consumption and reduce dependence on exports of goods. Monetary policy tightening cycle in the United States is likely to proceed without undue turbulence. Stabilizing crude oil prices despite any agreement between major producers is also positive for global economy.

Raw material availability especially of ACN is expected to be better with new capacities coming on-stream in 2016 and beyond. On-purpose propylene plants have started adding more competitively priced Propylene. These two factors together are expected to keep ACN prices softer for next few quarters providing ACN chain which includes AF also an opportunity to compete in inter-fiber substitution scenario.

With improved competitiveness of AF due to cost factors, higher demand due to expected good monsoon and forecast of higher GDP growth, we expect AF consumption in India in 2016-17 to be higher than the previous year. With imposition of Anti-dumping duty on few major AF producers by China, the market structure globally may undergo change. It is likely to impact Indian AF market, also though it is difficult to predict the manner in which this impact will be felt. Despite India having a growing AF market, investment in further capacity is still getting hindered by very high volume of imports that account for more than 30% of domestic consumption.

5. Following is the share capital history of the Company since inception:

Date of Allotment/Reduction	# of shares	Face Value	Issue Price	Value	Consi-deration	Nature of Allotment/Reduction	Cumulative		
		(Rs.)	(Rs.)	(Rs.)			# of shares	Paid up Capital	Share Premium
26-Dec-1990	70	10	10	700	Cash	Subscription	70	700	
02-Mar-1996	100	10	10	1,000	Cash	Rights Issue to Vardhman Textiles Ltd (erstwhile Mahavir Spg Mills Ltd)	170	1,700	
01-Feb-1997	412,49,900	10	10	4124,99,000	Cash	Allotment to JV parties under JVA	412,50,070	4125,00,700	
09-Feb-1998	412,50,000	10	10	4125,00,000	Cash	Allotment to JV parties under JVA	825,00,070	8250,00,700	
28-Mar-1998	250,00,000	10	10	2500,00,000	Cash	Allotment to IDBI	1075,00,070	10750,00,700	
30-Oct-2001	10,32,438	10	10	103,24,380	Other than Cash	Allotment to IDBI in lieu of pre-payment premium	1085,32,508	10853,25,080	
8-May-2013	(15,524,672)	10	-	-	Cash	Share Buyback through Open Offer	93,007,836	930,078,360	
TOTAL	93,007,836			93,007,836					

6. The Board of Directors of the Company comprises the following:

Sr.	Name & Designation	DIN	Age	Qualifications	Date of appointment	Other Directorships
1	SHRI PAUL OSWAL (Chairman)	00121737	75	M.COM (Gold Medalist)	24-Dec-90	VARDHMAN HOLDINGS LIMITED VARDHMAN TEXTILES LIMITED NIMBUA GREENFIELD (PUNJAB) LIMITED VMT SPINNING COMPANY LIMITED MAHAVIR SPINNING MILLS PRIVATE LIMITED SANTON FINANCE AND INVESTMENT CO LTD FLAMINGO FINANCE AND INVESTMENT CO LTD RAMANIYA FINANCE AND INVESTMENT COMPANY LIMITED DEVIKAR INVESTMENT AND TRADING COMPANY PVT LTD
						VARDHMAN TEXTILES LIMITED NIMBUA GREENFIELD (PUNJAB) LIMITED VMT SPINNING COMPANY LIMITED DELUXE FABRICS LIMITED VTL INVESTMENTS LIMITED

2	DARSHAN LAL SHARMA (Director)	00727581	69	B.Sc (Engg), MBA	24-Dec-90	VARDHMAN YARNS AND THREADS LIMITED
						VARDHMAN NISSHINBO GARMENTS COMPANY LIMITED
						RALSON (INDIA) LIMITED
						ARCS INDIA DIALYSIS CENTERS PRIVATE LIMITED
						THE COTTON TEXTILES EXPORT PROMOTION COUNCIL
3	BAL KRISHAN CHOUDHARY (Managing Director)	00307110	66	B.Sc, MCOM,MBA (Gold Medalist)	30-Dec-95	VARDHMAN SPECIAL STEELS LIMITED
						NARMADA CLEAN TECH
4	SACHIT JAIN (Director)	00746409	51	B.Tech, MBA	30-Dec-95	VARDHMAN HOLDINGS LIMITED
						VARDHMAN TEXTILES LIMITED
						VARDHMAN SPECIAL STEELS LIMITED
						THE ALLOY STEEL PRODUCERS ASSOCIATION OF INDIA
						VARDHMAN NISSHINBO GARMENTS COMPANY LIMITED
						SANTON FINANCE AND INVESTMENT CO LTD
						FLAMINGO FINANCE AND INVESTMENT CO LTD
						RAMANIYA FINANCE AND INVESTMENT COMPANY LIMITED
						DEVAKAR INVESTMENT AND TRADING COMPANY PVT LTD
						MAHAVIR SPINNING MILLS PRIVATE LIMITED
UTI ASSET MANAGEMENT COMPANY LIMITED						
5	MUNISH CHANDRA GUPTA (Independent Director)	01362556	79	M.A(English), Diploma in Public Administration	17-Apr-03	BHANSALI ENGG POLYMERS LTD
						LUMAX INDUSTRIES LIMITED
6	SANJIT PAUL SINGH (Independent Director)	00619284	58	B.COM,M.B.A, CA	13-Oct-03	BRAHASPATI IRON AND STEEL COMPANY PRIVATE LIMITED
7	SURINDER KUMAR BANSAL (Independent Director)	00165583	74	B.sc,FCA, CFE,AIIA,AHIA	21-Jan-09	STEEL STRIPS WHEELS LTD
						SKYFARMS INDIA PRIVATE LIMITED
						SHREE BHAVANI INFRACON PRIVATE LIMITED
						MARUDHAR HOTELS PVT LTD
						DREAM THREE G TELECOM SERVICES PRIVATE LIMITED
						CHETAN DALAL INVESTIGATION AND MANAGEMENT SERVICES PRIVATE LIMITED
VIRAT FARMS PRIVATE LIMITED						

Sr.	Name & Designation	DIN	Age	Qualifications	Date of appointment	Other Directorships
8	GEETA MATHUR (Independent Director)	02139552	51	B.com, CA	2-Aug-14	RSWM LIMITED
						MOTHERSON SUMI SYSTEMS LIMITED
						NIIT LIMITED
						IIFL HOLDINGS LIMITED
						BEETEL TELETECH LIMITED
						INDIA INFOLINE FINANCE LIMITED
						ANANT MANAGEMENT CONSULTANTS PRIVATE LIMITED
						IIFL WEALTH MANAGEMENT LIMITED
						TATA COMMUNICATIONS TRANSFORMATION SERVICES LIMITED
INDIA INFOLINE LIMITED						

7. The details of change in Board of Directors during the last 3 years from the date of this LOF are as under:

Name	Appointment/Resignation	Effective date	Reason
Arvind Kumar Bakhshi	Resignation	30-Jul-14	Pre-occupation
Geeta Mathur	Appointment	2-Aug-14	Her experience and knowledge will be valuable to the Company.

The Buy-back will not result in any benefit to any directors of the Company / promoters / person in control of the Company / group companies except to the extent of their intention to participate in the Buy-back and the change in their shareholding as per the response received in the Buy-back, as a result of the extinguishment of Equity Shares which will lead to a reduction in the equity share capital post Buy-back.

19. FINANCIAL INFORMATION

The brief audited financial information of the Company for the last three financial years and the unaudited financial results for the period ended Sept 30, 2016 are provided below. It must be noted that the financial results for the period ended Sep 30, 2016 although unaudited have been subjected to a limited review by the statutory auditors as is required under Regulation 33 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The results have been adopted by the Board of Directors of the Company at its meeting on November 15, 2016 and the statutory auditors have issued their limited review report dated November 15, 2016 on the same.

(Rs. Millions, except per share data)

Period Ending	Sept 30, 2016	Mar 31, 2016	Mar 31, 2015	Mar 31, 2014
Period	6 Months	12 Months	12 Months	12 Months
Income from Operations	2078	4,116	4,981	4,685
Other Income	135	59	162	206
Total Income	2213	4175	5143	4891
Total Expenses excluding Interest, Depreciation, Tax & Extraordinary items	1761	3,680	4,646	4,180
Interest	0.7	2	3	5
Depreciation	22	46	48	114
Profit before Tax	429	447	446	592
Provision for tax (incl. deferred tax)	125	149	112	155
Profit/ (Loss) after tax (ordinary activities)	304	298	334	437
Extraordinary income (Net of expense)	0	0	0	0
Profit/ (Loss) after tax & extraordinary activities	304	298	334	437

As on	Sept 30, 2016	Mar 31, 2016	Mar 31, 2015	Mar 31, 2014
Equity Share Capital	930	930	930	930
Reserves & Surplus ¹	2,610	2,022	2,283	2,081
Net Worth	3,540	2,952	3,213	3,011
Total Debt	3	7	8	16
Total Capital Employed	3,764	3106	3368	3179
Key Financial Ratios				
Earnings per Share (Rs)(before extraordinary items)	3.27	3.21	3.59	4.69
Earnings per Share (Rs)(after extraordinary items)	3.27	3.21	3.59	4.69
Book value per Share (Rs)	38	32	34	32
Debt-Equity Ratio	0.001	0.002	0.003	0.005
Return on Networth (%)	8.58%	10.10%	10.40%	14.50%

The Company has adopted Indian Accounting Standards (IndAS) from April 1, 2016 (transition date being April 1, 2015) and accordingly, financial information for the period ending 30.09.2016 as mentioned above have been prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015 as prescribed under section 133 of The Companies Act, 2013 read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Hence the current period financial information is not comparable with previous years audited financial information as mentioned above.

Notes:

- Includes 'Capital Redemption Reserves' (As of Mar 31, 2016, Company had Capital Redemption Reserves amounting to Rs. 155.2 mn)
- Earnings per Share = Profit After Tax / No. of Shares at the end of the period
- Book value per Share = Net Worth (excluding Revaluation Reserves) / No. of Shares at the end of the period
- Debt-Equity Ratio = Total Debt/ Networth (excluding Revaluation Reserves)
- Return on Networth = Profit after tax/ Networth (excluding Revaluation Reserves)

The Company shall abide SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, wherever and if applicable. The Company has complied with sections 68, 69 and 70 of the Companies Act, 2013.

20.

STOCK MARKET DATA

- The Shares of the Company are listed on NSE.
- The high, low and average market prices for the last three years (April to March periods) and the monthly high, low and average market prices for the 6 months preceding the Public Announcement and the corresponding volumes on NSE are as follows:

Period	High (Rs.)	Date of High	Number of Shares traded on that date	Low (Rs.)	Date of Low	Number of Shares traded on that date	Average Price* (Rs.)	Total volume traded in period
3 Years								
FY16 (Apr 15 – Mar 16)	43.00	10-Mar-16	3,61,652	22.00	27-Apr-15	1,49,013	29.39	1,97,11,621
FY15 (Apr 14 - Mar 15)	32.90	5-Jan-15	72,137	15.00	16-May-14	65,528	22.63	2,05,05,527
FY14 (Apr 13 - Mar 14)	18.20	21-Nov-13	1,50,888	9.55	6-Aug-13	7,408	13.47	81,24,966
6 Months								
1 st Jun-30 th Jun'16	36.75	30-Jun-16	72,930	31.4	13-Jun-16	35,153	33.85	1,462,528
1 st Jul-31 st Jul'16	39.80	29-Jul-16	77,487	34.00	8-Jul-16	39,724	36.85	1,340,575
1 st Aug-31 st Aug'16	43.35	26-Aug-16	119,786	35.00	5-Aug-16	26,935	38.03	2,021,596
1 st Sep-30 th Sep'16	46.90	22-Sep-16	379,748	38.55	20-Sep-16	57,012	41.43	3,225,132
1 st Oct-31 st Oct'16	51.90	24-Oct-16	644,064	41.65	3-Oct-2016	395,081	47.89	5,148,665
1 st Nov-30 th Nov'16	49.00	1-Nov-16	69,393	40.25	9-Nov-16	1,28,100	45.59	1,399,890

Source: www.nseindia.com

*Arithmetical average of closing prices

3. Notice of the first Board Meeting convened to consider the proposal of the Buy-back was given to the NSE on October 19, 2016. The closing price of the Company's equity share on October 19, 2016 on NSE was Rs. 49.95. The Board, at its meeting held on October 22, 2016 approved the proposal for the Buy-back at a price not exceeding Rs. 50/- per share and the intimation was sent to NSE on the same day. The high, low and closing market prices on NSE on October 21, 2016, (being the trading day previous to the day on which the Board Meeting was held to approve the Buy-back) was Rs. 50.25, Rs. 48.60 and Rs 49.55 respectively on NSE.

21. STATUTORY APPROVALS

The Buy-back offer is subject to approvals, if any required, under the provisions of the Companies Act, the Buy-back Regulations, FEMA and/or such other acts in force for the time being.

The Board at its meeting held on October 22, 2016 approved the proposal for the Buy-back. Company sought approval of its Shareholders, by a special resolution, through a Postal Ballot. The Shareholders of the Company have approved the Buyback by way of a special resolution, through the postal ballot, on December 29, 2016.

The Buy-back of Shares from non-residents ("NR") and Non Resident Indian ("NRI") shareholders will be subject to approvals, if any, of the appropriate authorities, including Reserve Bank of India (RBI), as applicable.

By agreeing to participate in the Buy-back the NR and NRI shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reportings, if required, including FC-TRS form, if necessary and undertake to provide assistance to the Company for such regulatory reporting, if required by the Company.

As of date, there is no other statutory or regulatory approvals required to implement the Buy-back, other than that indicated above. If any statutory or regulatory approval becomes applicable subsequently, the Buy-back Offer will be subject to such statutory or regulatory approval(s). In the event of any delay in receipt of any statutory / regulatory approvals, changes to the proposed timetable of the Buy-back Offer, if any, shall be intimated to the Stock Exchange.

22. REGISTRAR TO THE BUY-BACK

The Company has appointed the following as the Registrars to the Buy-back:

Name : MCS Share Transfer Agent Limited
Address : 002 Kashiram Jamnadas Building, Near Ghadiyal Ghodi, 5 PD Mello Road, Masjid East, Mumbai-400009
Contact Person : Mr.Subodh Vichare
Phone : +91-9969569190
Fax : +91-22-40206021
Email : subodh.mcssta@gmail.com

In case of any query, the shareholders may contact the Registrar during working hours i.e. 10 am and 4 pm all working days except Sunday and public holidays

23. COLLECTION CENTRES

Eligible Shareholders are requested to submit their Form(s) and requisite documents either by registered post/ courier to the Registrar to the Buy-back, superscribing the envelope as "Vardhman Acrylics Buyback 2016", or hand deliver the same to the Registrar at the address mentioned in paragraph 22.

24. PROCESS AND METHODOLOGY FOR THE BUY-BACK

1. The Company proposes to Buy-back not exceeding 1,38,00,000 Equity Shares from all the existing Shareholders / beneficial owners of Equity Shares of the Company, on a proportionate basis, through the Tender Offer route at a price of Rs. 50/- (Rupees Fifty only) per Equity Share, payable in cash for an aggregate amount of Rs. 69 crores/- (Rupees Sixty Nine crores only) (being less than 25% of the total paid-up equity capital and free reserves of the Company as per latest standalone audited balance sheet as on March 31, 2016). The maximum number of Equity Shares proposed to be bought back represents 14.84% of the total paid-up equity share capital of the Company. The Buy-back is in accordance with Article 6 of the Articles of Association of the Company and subject to the provisions of Section 68 and all other applicable provisions, if any, of the Companies Act and in compliance with Buy-back Regulations and subject to such other approvals, permissions and sanctions as may be necessary, from time to time from statutory authorities including but not limited to SEBI, Stock Exchanges, RBI etc.
2. The aggregate shareholding of the promoter group / persons in control is 69,577,607 Equity Shares, which represents 74.81% of the existing equity share capital of the Company. In terms of the Buy-back Regulations, under the Tender Offer route, the promoters of a company have the option to participate in the Buy-back. In this regard, the promoter entities as listed in clause 5 section 12 of this Letter of Offer have expressed their intention, vide their individual letters dated October 22, 2016 to participate in the Buy-back and offer upto an aggregate maximum of 93,28,447 Equity Shares or such lower number of Equity Shares as required in compliance with the Buy-back Regulations/ terms of the Buy-back. Each promoter entity intends to offer upto their respective shareholding as on the Record Date, or such lower number of Equity Shares as required in compliance with the Buy-back Regulations/ terms of the Buy-back and subject to the combined shareholding of the promoter and promoter group remaining at least 72% of the post buyback total paid up equity capital to the extent possible.
3. Assuming response to the Buy-back Offer is to the extent of 100% from all the Shareholders upto their entitlement (full acceptance), post Buy-back the aggregate shareholding of the promoter and promoter group will be 6,00,17,104 Equity Shares, representing 75.77% of the post Buy-back equity share capital of the Company i.e an increase of 0.96% (rounded-off) from their present holding of 74.81% of the pre Buy-back equity share capital of the Company.

4. Record Date, ratio of Buy-back and entitlement of each Shareholder

- a. The Buy-back Committee in its meeting held on December 29, 2016 announced January 13, 2017 as the Record Date for the purpose of determining the entitlement and the names of the Shareholders, who are eligible to participate in the Buy-back Offer.
- b. The Equity Shares proposed to be bought back by the Company shall be divided in two categories:
 - Reserved category for Small Shareholders (“**Reserved Category**”); and
 - General category for all Shareholders other than Small Shareholders (“**General Category**”)
- c. As defined in the Buy-back Regulations, a “Small Shareholder” is a Shareholder who holds Equity Shares having market value, on the basis of closing price on NSE as on Record Date, of not more than Rs. 200,000/- (Rupees Two Lacs). As on the Record Date, the closing price on January 13, 2017 was Rs. 47.85 per Equity Share, accordingly all Shareholders holding not more than 4,179 Equity Shares as on the Record Date are classified as 'Small Shareholders' for the purpose of the Buy-back Offer.
- d. Based on the above definition, there are 10,880 Small Shareholders with aggregate shareholding of 76,41,570 Shares, as on the Record Date, which constitutes 8.22% of the outstanding paid up equity share capital of the Company and 55.37% of the number of Equity Shares which are proposed to be bought back as part of this Buy-back Offer.
- e. In compliance with Regulation 6 of the Buy-back Regulations, the reservation for the Small Shareholders, will be 20,70,000 Equity Shares which is higher of:
 - i. Fifteen percent of the number of Equity Shares which the Company proposes to Buy-back i.e. 15% of 1,38,00,000 Equity Shares which works out to 20,70,000 Equity Shares; or
 - ii. The number of Equity Shares entitled as per their shareholding as on Record Date [i.e. (76,41,570 / 9,30,07,936) X 1,38,00,000] which works out to 11,33,815 Equity Shares. All the outstanding Equity Shares have been used for computing the entitlement of Small Shareholders since the Promoters Group also intends to offer Equity Shares held by them in the Buy-back.
- f. Accordingly, General Category shall consist of 1,17,30,000 Equity Shares.
- g. Based on the above, the entitlement ratio of Buy-back for both categories is decided as below:

Category Entitlement Ratio of Buy-back

Category	Entitlement Ratio of Buy-back
Reserved Category	107 Equity Shares out of every 395 fully paid-up Equity Shares held on the Record Date
General Category	18 Equity Shares out of every 131 fully paid-up Equity Shares held on the Record Date

The above Ratio of Buy-back is approximate and providing indicative Buyback Entitlement. Any computation of entitled Equity Shares using the above Ratio of Buy-back may provide a slightly different number due to rounding-off. The actual Buyback Entitlement for Reserved category for Small Shareholders is 27.088674% and General category for all other Eligible Shareholders is 13.740791%

5. Fractional Entitlements

If the entitlement under Buy-back, after applying the above mentioned ratios to the Equity Shares held on Record Date, is not a round number (i.e. not in the multiple of 1 Equity Share) then the fractional entitlement shall be ignored for computation of entitlement to tender Equity Shares in the Buy-back Offer, for both categories of Shareholders.

On account of ignoring the fractional entitlement, those Small Shareholders who hold 3 or less Equity Shares as on Record Date, will be dispatched a Tender Form with zero entitlement. Such Small Shareholders are entitled to tender additional Equity Shares as part of the Buy-back Offer and will be given preference in the Acceptance of one Equity Share, if such Small Shareholders have tendered for additional Equity Shares.

6 Basis of Acceptance of Equity Shares validly tendered in the Reserved Category

Subject to the provisions contained in this Letter of Offer, the Company will accept the Shares tendered in the Buy-back Offer by the Small Shareholders in the Reserved Category in the following order of priority:

- a. Full acceptance of Shares from Small Shareholders in the Reserved Category who have validly tendered their Shares, to the extent of their Buy-back Entitlement, or the number of Shares tendered by them, whichever is less.
- b. Post the acceptance as described in paragraph 24(6)(a), in case, there are any Shares left to be bought back in the Reserved Category, the Small Shareholders who were entitled to tender zero Shares (on account of ignoring the fractional entitlement), and have tendered Additional Shares, shall be given preference and one Equity Share each from the Additional Shares tendered by these Small Shareholders shall be bought back in the Reserved Category.
- c. Post the acceptance as described in paragraph 24(6)(a) and (b), in case, there are any validly tendered unaccepted Shares in the Reserved Category (“**Reserved Category Additional Shares**”) and Shares left to be bought back in Reserved Category, the Reserved Category Additional Shares shall be accepted in a proportionate manner and the acceptances shall be made in accordance with the Buy-back Regulations, i.e. valid acceptances per Shareholder shall be equal to the Reserved Category Additional Shares by the Shareholder divided by the total Reserved Category Additional Shares and multiplied by the total number of Shares remaining to be bought back in Reserved Category. For the purpose of this calculation, the Reserved Category Additional Shares taken into account for such Small Shareholders, from whom one Equity Share has been accepted in accordance with paragraph 24(6)(b), shall be reduced by one.

- d. Adjustment for fractional results in case of proportionate acceptance, as described in paragraph 24(6)(c), will be made as follows:
 - For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

7. Basis of Acceptance of Equity Shares validly tendered in the General Category

Subject to the provisions contained in this Letter of Offer, the Company will accept the Shares tendered in the Buy-back Offer by Shareholders (other than Small Shareholders) in the General Category in the following order of priority:

- a. Full Acceptance of Shares from Shareholders in the General Category who have validly tendered their Shares, to the extent of their Buy-back Entitlement, or the number of Shares tendered by them, whichever is less.
- b. Post the acceptance as described in paragraph 24(7)(a), in case, there are any validly tendered unaccepted Shares in the General Category ("**General Category Additional Shares**") and Shares left to be bought back in General Category, the General Category Additional Shares shall be accepted in a proportionate manner and the acceptances shall be made in accordance with the Buy-back Regulations, i.e. valid acceptances per Shareholder shall be equal to the General Category Additional Shares by the Shareholder divided by the total General Category Additional Shares and multiplied by the total number of Shares remaining to be bought back in General Category.
- c. Adjustment for fractional results in case of proportionate acceptance, as described in paragraph 24(7)(b), will be made as follows:
 - For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

8. Basis of Acceptance of Equity Shares between the two categories

- a. After acceptances of tenders, as mentioned in paragraph 24(6) and 24(7), in case, there are any Shares left to be bought back in one category ("**Partially Filled Category**") and there are additional unaccepted validly tendered Shares ("**Further Additional Shares**") in the second category ("**Over Tendered Category**"), then the Further Additional Shares in the Over Tendered Category shall be accepted in a proportionate manner i.e. valid acceptances per Shareholder shall be equal to Further Additional Shares validly tendered by the Shareholder in the Over Tendered Category divided by the total Further Additional Shares in the Over Tendered Category and multiplied by the total Shares left to be bought back in the Partially Filled Category.
- b. If the Partially Filled Category is the General Category and the Over Tendered Category is the Reserved Category, then any Small Shareholder who has received a Tender Form with zero Buy-back Entitlement and who has tendered Additional Shares shall be eligible for priority acceptance of one Equity Share before acceptance in paragraph 24(8)(a) out of the Shares left to be bought back in the Partially Filled Category provided no acceptance could take place from such Shareholder in accordance with paragraph 24(6)
- c. Adjustment for fraction results in case of proportionate acceptance, as defined in paragraph 24(8)(a):
 - For any Shareholder, if the number of Further Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - For any Shareholder, if the number of Further Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

In case of any practical issues, resulting out of rounding-off of Shares or otherwise, the Board or any person(s) authorized by the Board will have the authority to decide such final allocation with respect to such rounding-off or any excess of Equity Shares or any shortage of Equity Shares after allocation of Equity Shares as set out in the process described in section 24.

9. For avoidance of doubt, it is clarified that, in accordance with the clauses above:

- Shares accepted under the Buy-back from each Eligible Shareholder, shall be lower of the following:

- **the number of Shares tendered by the respective Shareholder and**
- **the number of Shares held by the respective Shareholder, as on the Record Date.**

- Shares tendered by any Shareholder over and above the number of Shares held by such Shareholder as on the Record Date shall not be considered for the purpose of Acceptance.

10. Clubbing of Entitlement

In order to ensure that the same shareholders with multiple demat accounts/ folios do not receive a higher entitlement

under the Small Shareholder category, the Company will club together the equity shares held by such shareholders with a common Permanent Account Number (“PAN”) for determining the category (Small Shareholder or General) and entitlement under the Buyback. In case of joint shareholding, the Company will club together the equity shares held in cases where the sequence of the PANs of the joint shareholders is identical. In case of physical shareholders, where the sequence of PANs is identical and where the PANs of all joint shareholders are not available, the Company will check the sequence of the names of the joint holders and club together the equity shares held in such cases where the sequence of the PANs and name of joint shareholders are identical. The shareholding of institutional investors like mutual funds, pension funds / trusts, insurance companies etc., with common PAN will not be clubbed together for determining the category and will be considered separately, where these equity shares are held for different schemes and have a different demat account nomenclature based on information prepared by the Registrar as per the shareholder records received from the depositories.

25. PROCEDURE FOR TENDERING SHARES AND SETTLEMENT

1. The Buy-back is open to all Equity Shareholders / beneficial owners of the Company holding Equity Shares either in physical and/or dematerialized form on the Record Date.
2. The Company proposes to effect the Buy-back through Tender Offer route, on a proportionate basis. This Letter of Offer, outlining the terms of the Buy-back Offer as well as the detailed disclosures as specified in the Buy-back Regulations, will be mailed to Equity Shareholders of the Company whose names appear on the register of members of the Company, or who are beneficial owners of Equity Shares as per the records of Depositories, on the Record Date.
3. The Company will not accept any Equity Shares offered for Buy-back where there exists any restraint order of a Court/ any other competent authority for transfer / disposal/ sale or where loss of share certificates has been notified to the Company or where the title to the Equity Shares is under dispute or otherwise not clear or where any other restraint subsists.
4. The Company shall comply with Regulation 19(5) of the Buy-back Regulations which states that the Company shall not buyback locked-in Equity Shares and non-transferrable Equity Shares till the pendency of the lock-in or till the Equity Shares become transferrable.
5. Shareholders' participation in Buy-back will be voluntary. Shareholders can choose to participate, in part or in full, and get cash in lieu of the Shares accepted under the Buy-back or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post Buy-back, without additional investment. Shareholders may also accept a part of their Buy-back entitlement. Shareholders also have the option of tendering additional Shares (over and above their Buy-back Entitlement) and participate in the shortfall created due to non-participation of some other Shareholders, if any. Acceptance of any Shares tendered in excess of the Buy-back Entitlement by the Shareholder, shall be in terms of procedure outlined in section 24 of this Draft Letter of Offer.
6. The maximum tender under the Buy-back by any Shareholder cannot exceed the number of Equity Shares held by the Shareholder as on the Record Date.
7. The Buy-back shall be implemented by the Company using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and following the procedure prescribed in the Companies Act and the Buy-back Regulations and as may be determined by the Board (including the Committee authorized to complete the formalities of the Buy-back) and on such terms and conditions as may be permitted by law from time to time.
8. For implementation of the Buy-back, the Company has appointed Kotak Securities Limited as the registered broker to the Company (the “**Company's Broker**”) to facilitate the process of tendering of Equity Shares through Stock Exchange Mechanism for the Buy-back as described in this paragraph 25. In the tendering process, the Company's Broker may also process the orders received from the Shareholders. The contact details of the Company's Broker are as follows



Kotak Securities Limited

27 BKC, C 27, G Block,
 Bandra Kurla Complex, Bandra (E), Mumbai 400051
 Contact Person: i) Ms. Naaz Khan, Tel: +91 22 3030 5757,
 Email : Naaz.Khan@kotak.com;
 ii) Ms. Purnima Mirani, Tel: +91 22 4285 8164,
 Email: Purnima.Mirani@kotak.com
 Website: www.kotaksecurities.com
 SEBI Registration No. NSE Capital Market: INB230808130;
 BSE Equity: INB010808153
 CIN: U99999MH1994PLC134051

9. The Company will request NSE to provide the separate Acquisition Window to facilitate placing of sell orders by Shareholders who wish to tender Equity Shares in the Buy-back. NSE would be the Designated Stock Exchange for this Buy-back Offer. The details of the platform will be specified by NSE from time to time.
10. All Eligible Shareholders may place orders in the Acquisition Window, through their respective stock brokers (“Seller Member(s)”).
11. At the beginning of the tendering period, the order for buying Equity Shares shall be placed by the Company through the Company's Broker. During the Tendering Period, the order for selling the Shares will be placed in the Acquisition Window by Eligible Shareholders through their respective Seller Members during normal trading hours of the secondary market.
12. Seller Members can enter orders for demat Shares as well as physical Shares.

13. Modification / cancellation of orders and multiple bids from a single Shareholder will be allowed during the Tendering Period of the Buy-back offer. Multiple bids made by single Shareholder for selling the Shares shall be clubbed and considered as 'one' bid for the purposes of Acceptance.
14. The cumulative quantity tendered shall be made available on NSE's website – <http://www.nseindia.com> - throughout the trading session and will be updated at specific intervals during the Tendering Period.
15. **Procedure to be followed by Equity Shareholders holding Equity Shares in the dematerialised form**
- a) Shareholders who desire to tender their Equity Shares in the dematerialised form under the Buy-back would have to do so through their respective Seller Member by indicating to their Seller Member the details of Equity Shares they intend to tender under the Buy-back.
 - b) The Eligible Shareholder / Seller Member would be required to transfer the number of Equity Shares by using the settlement number and the procedure prescribed by the Clearing Corporation of India Ltd. ("**Clearing Corporation**") for the transfer of the shares to the special account of Clearing Corporation before placing the bids/ orders and the same shall be validated at the date of order entry. The details of the special account of Clearing Corporation shall be informed in issue opening circular that will be issued by NSE / Clearing Corporation.
 - c) For Custodian Participant orders for demat Shares, early pay-in is mandatory prior to confirmation of order by custodian. The custodian shall either confirm or reject the orders not later than closing of trading hours on the last day of the Tendering Period. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed Custodian Participant orders, order modification shall revoke the custodian confirmation and the revised order shall be sent to custodian again for confirmation.
 - d) Upon placing the bid, the Seller Member shall provide a Transaction Registration Slip ('TRS') generated by the exchange bidding system to the Shareholder. TRS will contain the details order submitted like Bid ID No., Application No., DP ID, Client ID, No. of Equity Shares tendered etc.
 - e) Eligible Shareholders who have tendered their Equity Shares in the Buy-back can 'hand deliver' Tender Form duly signed (by all Equity Shareholders in case shares are in joint names) in same order in which they hold the shares, along with the TRS generated by the exchange bidding system at the office (mentioned in section 22 of this Letter of Offer) of Registrar to the Buy-back Offer. TRS will be generated by the respective Seller Members. Equity Shareholders who cannot hand deliver the Tender Form and other documents at the office of Registrar to the Buy-back Offer, may send the same by registered post / speed post, at their own risk, superscribing the envelope as "Vardhman Acrylics Buyback Offer 2016", to the Registrar to the Buy-back Offer at their office mentioned on the cover page of this Letter of Offer, so that the same are received not later than 2 (two) days from the Closing Date i.e. March 1, 2017 (by 5 PM).
 - f) In case of non-receipt of the completed Tender Form and other documents, but receipt of Shares in the special account of the Clearing Corporation and a valid bid in the exchange bidding system, the Buy-back shall be deemed to have been accepted, for demat Shareholders.
 - g) The Eligible Shareholders will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to pro-rate buyback decided by the Company.
 - h) The acceptance from all non-resident Shareholders (excluding FIIs) is subject to the Company receiving the permission received by them from the RBI to acquire the Equity Shares held by them in the Company. In case the Equity Shares are held on repatriation basis, the non-resident Shareholder should obtain and deliver to the Company a letter from its authorised dealer / bank confirming that at the time of acquiring such Equity Shares, payment for the same was made by the non-resident Shareholder from the appropriate account as specified by RBI in its approval. In case the non-resident Shareholder is not in a position to produce the said certificate, the shares would be deemed to have been acquired on non-repatriation basis and in that case the Shareholder shall submit a consent letter addressed to the Company, allowing the Company to make the payment on a non-repatriation basis in respect of the valid shares accepted under the Buy-back. If any of the above stated documents (as applicable) are not sent across to the Company, the Equity Shares tendered under the Buy-back are liable to be subsequently rejected.
16. **Procedure to be followed by Registered Equity Shareholders holding Equity Shares in Physical form**
- a) Shareholders who are holding physical Equity Shares and intend to participate in the Buy-back be required to approach their respective Seller Member along with the complete set of documents for verification procedures to be carried out including the:
 - i. The Tender Form duly signed (by all Equity Shareholders in case shares are in joint names) in the same order in which they hold the shares.
 - ii. Original share certificates
 - iii. Valid share transfer form(s) (SH-4) duly filled and signed by the transferors (i.e. by all registered Shareholders in same order and as per the specimen signatures registered with the Company) and duly witnessed at the appropriate place authorizing the transfer in favor of the Company
 - iv. Self-attested copy of the Shareholder's PAN Card
 - v. Any other relevant documents such as (but not limited to):
 - Duly attested Power of Attorney if any person other than the Equity Shareholder has signed the relevant Tender Form
 - Notarized copy of death certificate and succession certificate/ probated will, if the original Shareholder has deceased
 - Necessary corporate authorisations, such as Board Resolutions etc., in case of companies

- vi. In addition to the above, if the address of the Shareholder has undergone a change from the address registered in the Register of Members of the Company, the Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid Aadhar Card, Voter Identity Card or Passport.
- b) Seller Member should place bids on the Acquisition Window with relevant details as mentioned on the physical share certificate(s). Upon placing the bid, the Seller Member shall provide a Transaction Registration Slip ('TRS') generated by the Exchange Bidding System to the Shareholder. TRS will contain the details of order submitted like Folio No., Certificate No., Distinctive No., No. of Equity Shares tendered etc.
- c) After placement of bid, as mentioned in paragraph 25(16)(b), the Seller Member must ensure delivery of Tender Form, TRS, original share certificate(s), valid share transfer form(s) & other documents (as mentioned in paragraph 25(16)(a) either by registered post or courier or hand delivery to the Registrar and Transfer Agent ('RTA') (at the address mentioned on the cover page and mentioned in paragraph 22 of this Letter of Offer) not later than 2 (two) days from the Closing Date i.e. March 1, 2017 (by 5 PM). The envelope should be superscribed as "Vardhman Acrylics Offer 2016". One copy of the TRS will be retained by RTA and it will provide acknowledgement of the same to the Seller Member.
- d) Shareholders holding physical shares should note that physical Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Shares for Buyback by the Company shall be subject to verification as per the Buy-back Regulations and any further directions issued in this regard. RTA will verify such bids based on the documents submitted on a daily basis and till such time the NSE shall display such bids as 'Unconfirmed Physical Bids'. Once, RTA confirms the bids it will be treated as 'Confirmed Bids'.
- e) In case any person has submitted Equity Shares in physical form for dematerialisation, such Equity Shareholders should ensure that the process of getting the Equity Shares dematerialized is completed well in time so that they can participate in the Buy-back Offer before Closing Date.
17. **For Equity Shares held by Eligible Sellers, being Non-Resident Shareholders of Equity Shares (Read with paragraph 21 "DETAILS OF THE STATUTORY APPROVALS"):**
- a) Eligible Sellers, being Non-Resident Shareholders of Equity Shares (excluding FIIs) shall also enclose a copy of the permission received by them from RBI, if applicable, to acquire the Equity Shares held by them.
- b) In case the Equity Shares are held on repatriation basis, the Non-Resident Eligible Seller shall obtain and enclose a letter from its authorised dealer / bank confirming that at the time of acquiring such Equity Shares, payment for the same was made by the non-resident Eligible Seller from the appropriate account (e.g. NRE a/c.) as specified by RBI in its approval. In case the Non-Resident Seller is not in a position to produce the said certificate, the Equity Shares would be deemed to have been acquired on non-repatriation basis and in that case the Non-Resident Seller shall submit a consent letter addressed to the Company, allowing the Company to make the payment on a non-repatriation basis in respect of the valid Equity shares accepted under the Buy-back.
- c) If any of the above stated documents (as applicable) are not enclosed along with the Tender Form, the Equity Shares tendered under the Buy-back are liable to be rejected.
18. **In case of non-receipt of this Letter of Offer:**
- a) **In case the Equity Shares are in dematerialised form:** An Eligible Shareholder may participate in the Offer by downloading the Tender Form from the website of the Company i.e. www.vardhman.com or by providing their application in writing on plain paper, signed by all Equity Shareholders, stating name & address of Shareholder(s), number of Equity Shares held as on the Record Date, Client ID number, DP Name/ID, beneficiary account number and number of Equity Shares tendered for the Buy-back.
- b) **In case the Equity Shares are in physical form:** An Eligible Shareholder may participate in the Offer by providing their application in writing on plain paper signed by all Equity Shareholders stating name, address, folio number, number of Equity Shares held, share certificate number, number of Equity Shares tendered for the Buy-back Offer and the distinctive numbers thereof, enclosing the original share certificate(s), copy of Equity Shareholders' PAN card(s) and executed share transfer form in favour of the Company. The transfer form SH-4 can be downloaded from the Company's website www.vardhman.com. Equity Shareholders must ensure that the Tender Form, along with the TRS and requisite documents (as mentioned in paragraph 25(16)(a), reach the Registrar not later than 2 (two) days from the Closing Date i.e. March 1, 2017 (by 5 PM). If the signature(s) of the Equity Shareholders provided in the plain paper application differs from the specimen signature(s) recorded with the Registrar of the Company or are not in the same order (although attested), such applications are liable to be rejected under this Buy-back Offer.
- Please note that Eligible Shareholder(s) who intend to participate in the Buy-back will be required to approach their respective Seller Member (along with the complete set of documents for verification procedures) and have to ensure that their bid is entered by their respective Seller Member or broker in the electronic platform to be made available by NSE before the Closing Date.**
- The Company shall accept Equity Shares validly tendered by the Shareholder(s) in the Buy-back on the basis of their shareholding as on the Record Date and the Buy-back Entitlement. Eligible Shareholder(s) who intend to participate in the Buy-back using the 'plain paper' option as mentioned in this paragraph are advised to confirm their entitlement from the Registrar to the Buy-back Offer, before participating in the Buy-back.**
19. The Non-receipt of this Letter of Offer by, or accidental omission to dispatch this Letter of Offer to any Eligible Shareholder, shall not invalidate the offer to any person who is eligible to receive this offer under the Buy-back.

20. The acceptance of the Buy-back Offer made by the Company is entirely at the discretion of the Equity Shareholders of the Company. The Company does not accept any responsibility for the decision of any Equity Shareholder to either participate or to not participate in the Buy-back Offer. The Company will not be responsible in any manner for any loss of Share certificate(s) and other documents during transit and the Equity Shareholders are advised to adequately safeguard their interest in this regard.

21. Method of Settlement

Upon finalization of the basis of acceptance as per Buy-back Regulations:

- 1) The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.
 - 2) The Company will pay the consideration to the Company's Brokers on or before the pay-in date for settlement. For Equity Shares accepted under the Buy-back, the Seller Member / Custodian Participant will receive funds payout in their settlement bank account. The Seller Members / Custodian Participants would pay the consideration to their respective clients. The payment of consideration to all Shareholders validly participating in the Buy-back will be made in Indian National Rupees.
 - 3) The Equity Shares bought back in the demat form would be transferred directly to the escrow account of the Company (the "**Demat Escrow Account**") provided it is indicated by the Company's Brokers or it will be transferred by the Company's Broker to the Demat Escrow Account on receipt of the Equity Shares from the clearing and settlement mechanism of the Stock Exchange.
 - 4) Excess demat shares or unaccepted demat Shares, if any, tendered by the Shareholders would be returned to the respective Seller Members by Clearing Corporation as part of the exchange payout process, not later than March 7, 2017. In case of Custodian Participant orders, excess demat shares or unaccepted demat Shares, if any, will be returned to the respective Custodian Participant. The Seller Members / Custodian Participants would return these unaccepted shares to their respective clients on whose behalf the bids have been placed.
 - 5) Physical Shares, to the extent tendered but not accepted, will be returned back to the Shareholders directly by RTA. The Company will issue a new single share certificate for all the unaccepted physical shares and return the same to the sole/first Shareholder (in case of joint Shareholders). Share certificates in respect of unaccepted / rejected Shares and other documents, if any, will be sent by Registered Post / Speed Post at the Shareholders' sole risk to the sole/first Shareholder (in case of joint Shareholders), at the address recorded with the Company, not later than March 7, 2017.
 - 6) Every Seller Member, who puts in a valid bid on behalf of an Eligible Shareholder, would issue a contract note & pay the consideration for the Equity Shares accepted under the Buy-back and return the balance unaccepted demat Equity Shares to their respective clients. Company's Broker would also issue a contract note to the Company for the Equity Shares accepted under the Buy-back.
22. Shareholders who intend to participate in the Buy-back should consult their respective Seller Members for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Seller Member upon the selling Shareholders for tendering Equity Shares in the Buy-back (secondary market transaction). The Buy-back consideration received by the selling Shareholders from their respective Seller Members, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Company accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling Shareholders
23. The Equity Shares lying to the credit of the Demat Escrow Account and the Equity Shares bought back and accepted in physical form will be extinguished in the manner and following the procedure prescribed in the Regulations.
24. Rejection Criteria

The Equity Shares tendered by Eligible Shareholders would be liable to be rejected on the following grounds:

For Eligible Shareholders holding shares in the dematerialized form if:

- a) the Shareholder is not a Eligible Shareholder of the Company as on the Record Date; or
- b) If there is a name mismatch in the dematerialised account of the Shareholder.

For Eligible Shareholders holding Equity Shares in the physical form if:

- a) The documents mentioned in the Tender Form for Eligible Shareholders holding Equity Shares in physical form are not received by the Registrar on or before the close of business hours of March 1, 2017 by 5:00p.m.;
- b) If there is any other company share certificate enclosed with the Tender Form instead of the share certificate of the Company;
- c) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders;
- d) If the Eligible Shareholders bid the Equity Shares but the Registrar does not receive the physical Equity Share certificate; or
- e) In the event the signature in the Tender Form and Form SH-4 do not match as per the specimen signature recorded with Company or Registrar.

26. NOTE ON TAXATION

SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE ASSESSING OFFICERS IN THEIR CASE, AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE COMPANY DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE.

Given below is a broad summarization of the applicable sections of the Income-tax Act, 1961 relating to treatment of income-tax in case of Buyback of listed equity shares on the stock exchange, which is provided only as a guidance.

1. CLASSIFICATION OF SHARES AND SHAREHOLDERS

a) **Based on the provisions of the Income Tax Act, shares can be classified under the following two categories:**

- i. Shares held as investment (Income from transfer taxable under the head "Capital Gains")
- ii. Shares held as stock-in-trade (Income from transfer taxable under the head "Profits and Gains from Business or Profession")

b) **Based on the provisions of the Income Tax Act, shareholders can be classified under the following categories:**

a. **Resident Shareholders being:**

- Individuals, HUF, AOP and BOI
- Others

b. **Non Resident Shareholders being:**

- NRIs
- FIIs
- Others:
 - Company
 - Other than Company

2. SHARES HELD AS INVESTMENT

a) For non-residents, taxability of capital gains would be subject to beneficial provisions of applicable Double Taxation Avoidance Agreement ("DTAA").

b) The taxability as per the provisions of the Income Tax Act is discussed below.

- i. To determine the nature of capital gains as to whether the capital gains are short-term or long-term in nature, as per the provisions of the Income Tax Act:
 - Where a capital asset, being listed equity shares of the Company being bought back, is held for a period of less than or equal to 12 months prior to the date of transfer, the same shall be treated as a short-term capital asset, and the gains arising therefrom shall be taxable as short-term capital gains (STCG).
 - Similarly, where listed equity shares are held for a period of more than 12 months prior to the date of transfer, the same shall be treated as a long-term capital asset, and the gains arising therefrom shall be taxable as long-term capital gains (LTCG).
- ii. Capital gains on buyback of shares are governed by the provisions of section 46A of the Income Tax Act. As per the provisions of section 46A, buyback of shares held as investment, would attract capital gains in the hands of shareholders as per provisions of section 48 of the Income Tax Act. The provisions of tax on distributed income of domestic company for buy back under Section 115QA of the Income Tax Act do not apply for shares listed on the stock exchange.

Buyback of shares through a recognized stock exchange

c) Where transaction for transfer of such equity shares (ie buyback) is entered into through a recognized stock exchange and such transaction is chargeable to Securities Transaction Tax (STT), the taxability is as under (for all categories of shareholders):

- i. LTCG arising from such transaction would be exempt under section 10(38) of the Income Tax Act; and
- ii. STCG arising from such transaction would be subject to tax @ 15% under section 111A of the Income Tax Act.

Further, in case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is considered while computing the tax on such STCG.

d) In addition to the above STCG tax, Surcharge, Education Cess and Secondary and Higher Education Cess are leviable as under:

- In case of domestic companies: Surcharge @ 12% is leviable where the total income exceeds Rs. 10 crores and @ 7% where the total income exceeds Rs. 1 crore but is less than or equal to Rs. 10 crores.

- In case of companies other than domestic companies: Surcharge @ 5% is leviable where the total income exceeds Rs. 10 crores and @ 2% where the total income exceeds Rs.1 crore but is less than or equal to Rs. 10 crores.
- In case of co-operative society, firm, local authority: Surcharge @ 12% is leviable where the total income exceeds Rs.1 crore.
- In case of other assesseees (individuals, HUF, AOP and BOI): Surcharge @ 15% is leviable where the total income exceeds Rs.1 crore.
- Education Cess @ 2% and Secondary Higher Education Cess @ 1% is leviable in all cases.

3. **SHARES HELD AS STOCK-IN-TRADE**

- a) If the shares are held as stock-in-trade by any of the Shareholders of the Company, then the gains would be characterized as business income. In such a case, the provisions of section 46A of the Income Tax Act would not apply.
- b) Resident Shareholders
 - i. For individuals, HUF, AOP, BOI, profits would be taxable at slab rates.
 - ii. For persons other than individuals, HUF, AOP, BOI profits would be taxable at applicable rate. No benefit of indexation by virtue of period of holding would be available in any case.
- c) Non Resident Shareholders
 - i. For Non Residents, taxability of profits as business income would be subject to beneficial provisions of applicable DTAA.
 - ii. Where DTAA provisions are not applicable:
 - For non-resident individuals, HUF, AOP, BOI, profits would be taxable at slab rates
 - For foreign companies, profits would be taxed in India @ 40%
 - For other non-resident shareholders, such as foreign firms, profits would be taxed in India @ 30%
- d) In addition to the above, Surcharge, Education and Secondary Higher Education Cess will be applicable as specified above in para 2(d)

4. **TAX DEDUCTION AT SOURCE**

- a) In case of Resident Shareholders
In absence of any specific provision under the Income Tax Act, the Company shall not deduct tax on the consideration payable to resident shareholders pursuant to the said Buyback.
- b) In the case of Non Resident Shareholders
Since the Buyback is through the stock exchange, the responsibility of discharge of the tax due on the gains (if any) is on the non-resident shareholder. It is therefore recommended that the non-resident shareholder may consult their custodians/ authorised dealers/ tax advisors appropriately.

5. **THE TAX RATE AND OTHER PROVISIONS MAY UNDERGO CHANGES.**

Notes

- a) The above note on taxation sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the disposal of equity shares.
- b) All the above benefits are as per the current tax laws (including amendments made by the Finance Act, 2016), legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any change or amendments in the law or relevant regulations would necessitate a review of the above.
- c) Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the provisions of the relevant sections under the relevant tax laws.

27. **DECLARATION BY THE BOARD OF DIRECTORS**

1. The Board of Directors confirm that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
2. The Board of Directors confirm that based on a full enquiry conducted into the affairs and prospects of the Company and taking into account all the liabilities including prospective and contingent liabilities payable as if the Company were being wound up under the Companies Act, 1956, the Buy-back Committee of the Board of Directors have formed an opinion that;
 - a) Immediately following the date of the Letter of Offer, there are no grounds on which the Company could be found unable to pay its debts
 - b) As regards its prospects for the year immediately following the date of the Letter of Offer that, having regard to their intentions with respect to the management of the Company's business during the said year and to the amount and character of the financial resources which will be available to the Company during the said year, the

Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date.

- c) In forming its opinion aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Companies Act

This declaration is made and issued by the Committee under the authority of the Board of Directors in terms of the resolution passed at the meeting held on October 22, 2016.

For and on behalf of the Board of Directors of the Company

Sd/-
Mr. B. K. Choudhary
Director
DIN : 00307110

Sd/-
Mr. Sachit Jain
Managing Director
DIN : 00746409

In addition, the Company has also confirmed that it is in compliance with section 159, 207 and 211 of the Act.

28. AUDITOR'S CERTIFICATE

The contents of the Report dated October 22, 2016 received from, the Statutory Auditors of the Company addressed to the Board of Directors is reproduced below:

Quote

To,
The Board of Directors
Vardhman Acrylics Limited
Chandigarh Road, Ludhiana,
Punjab, 141010

Dear Sirs,

Re: Proposed Buyback of Equity Shares

In connection with the proposed Buyback of Equity Shares by Vardhman Acrylics Limited (the 'Company') as approved by the Board of Directors at its meeting held on 22nd October, 2016, in pursuance of the provisions of Section 68 of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 (the "Buyback Regulations"); and based on the information and explanations given to us which were to the best of our knowledge and belief necessary for this purpose, we report that:

- We have inquired into the state of affairs of the Company in relation to its audited accounts for the year ended March 31, 2016, which were taken on record by the Board of Directors in their meeting held on April 30, 2016.
- The amount of permissible capital payment (including premium) for the proposed buy back of equity shares as computed in the table below is determined in accordance with Section 68(2) of the Act. The amounts of share capital and free reserves have been extracted from the audited financial statements of the Company for the year ended March 31, 2016.

Particulars as on March 31, 2016		Amount (Rs. in crores)
Paid up capital (Equity shares of Rs. 10/- each)	A	93.01
Free Reserves:		
Profit and loss account balance		146.63
General reserve		40.06
Total Free Reserves	B	186.69
Total paid up capital and free reserves	A+B	279.70
Maximum amount permissible under the Act/ Buyback Regulations with Shareholder approval :- 25% of total paid-up equity capital and free reserves, if the buyback is carried through tender offer route (in accordance with Chapter III of the Buyback Regulations and section 68(2)(c) of the Act)		69.93
Maximum amount permitted by Board Resolution dated 22 nd October, 2016 approving Buyback, subject to shareholder approval, based on the audited accounts for the year ended March 31, 2016.		69.00

- The Board of Directors of the Company, in their meeting held on 22nd October, 2016 have formed their opinion as specified in clause (x) of Schedule I to the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 on reasonable grounds, that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.

We are not aware of anything to indicate that the opinion expressed by the Board of Directors of the Company as above is unreasonable in any manner.

We have not performed an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items thereof, for the purpose of this report. Accordingly we do not express such opinion.

This certificate has been prepared only for the Company and is in reference (including disclosing in the Public Announcement

and Letter of Offer as required under the Buy-Back Regulations) to the proposed Buy-Back of Equity Shares approved by the Board of Directors of the Company at their meeting held on October 22, 2016, in pursuance of the provisions of Section 68 of the Companies Act, 2013 and the Buy-Back Regulations and for no other purpose. We do not accept any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

For S.S. Kothari Mehta & Co.
Chartered Accountants

Place : New Delhi
Date : October 22, 2016

Firm Registration No. 000756N
Kamal Kishore
Partner
Membership No. 078017

Unquote

29. MATERIAL DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Manager to the Buy-back at 27BKC, Plot No. C-27, 1st Floor, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 1:00 pm up to the date of closure of the Buy-back.

- a) Copy of the Certificate of Incorporation and the Memorandum and Articles of Association of Vardhman Acrylics Limited
- b) Copy of the annual reports of Vardhman Acrylics Limited for the years ended March 31, 2014, March 31, 2015 and March 31, 2016;
- c) Copy of the resolution passed by the Board of Directors at the meeting held on October 22, 2016 approving proposal for Buy-back;
- d) Certified copy of the resolution of the Shareholders passed by way of postal ballot along with scrutinizer's report
- e) Copy of Certificate dated October 22, 2016 received from S.S. Kothari Mehta & Co., in terms of clause (xi) of Part A to Schedule II of the Buy-back Regulations;
- f) Copy of Declaration of solvency and an affidavit in form SH-9 as prescribed under section 68(6) of the Companies Act;
- g) Copy of Escrow Agreement dated December 5, 2016 between Vardhman Acrylics Limited, Kotak Mahindra Bank, Mumbai and Kotak Mahindra Capital Company, confirming that Rs. 69,00,000/- (Rupees Sixty Nine lakhs only) is kept in escrow account and a lien has been marked on the amount in favour of the Manager to the Buy-back Offer and a certificate dated December 13, 2016 from Kotak Mahindra Bank, Mumbai confirming the balance to the credit of Escrow Account;
- h) Copy of Security Agreement dated December 5, 2016 between Vardhman Acrylics Limited and Kotak Mahindra Capital Company
- i) Copy of DP Escrow Agreement dated December 5, 2016 between Vardhman Acrylics Limited, Kotak Mahindra Capital Company and MCS Transfer Agent Limited
- j) Copy of the certificate from Naresh Batra & Co, dated December 14, 2016 certifying that the Company has adequate funds for the purposes of Buy-back of 1,38,00,000 Equity Shares at the price of Rs. 10/- per Equity Share;
- k) Copy of Public Announcement published in the newspapers on December 30, 2016 regarding Buy-back of Equity Shares;
- l) Copy of SEBI observation letter no. SEBI/HO/CFD/DCR1/OW/P/2017/2268/1 dated January 30, 2017.

30. INVESTOR SERVICE CENTER AND COMPLIANCE OFFICER

The Company has designated the following as the Compliance Officer for the Buy-back:

Name	: Ms Ruchita Vij
Designation	: Company Secretary
Address	: Vardhman Acrylics Limited Vardhman Premises, Chandigarh Road, Ludhiana Punjab, India 141010
Tel	: 91-161-2228943 – 48, Ext. :1209
Email id	: Secretarial.iud@vardhman.com, ruchitavij@vardhman.com

In case of any clarifications or to address investor grievance, the Shareholders may contact the Compliance Officer, from Monday to Friday between 10 am to 5 pm on all working days, at the above mentioned address

31. REMEDIES AVAILABLE TO SHAREHOLDERS/ BENEFICIAL OWNERS

In case of any grievance relating to the Buy-back (e.g. non-receipt of the Buy-back consideration, share certificate, demat credit etc.) the investor can approach the Compliance Officer for redressal.

If the Company makes any default in complying with the provisions of Section 68 of the Companies Act or any rules made there-under, or any regulation or under clause (f) of subsection (2) of Section 68 of the Companies Act, the Company or any officer of the Company who is in default shall be punishable with imprisonment for a term and its limit, or with a fine and its limit or with both in terms of the Companies Act.

The address of the concerned office of the Registrar of Companies is as follows:

Registrar of Companies, Chandigarh

Corporate Bhawan, Plot No.4 B, Sector 27 B, Madhya Marg, Chandigarh – 160019

32. MANAGER TO THE BUY-BACK

The Company has appointed the following as Manager to the Buy-back:



Name : Kotak Mahindra Capital Company Limited
Address : 27BKC, 1st floor, Plot no. C-27, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Phone : +91 22 22 4336 0128
Fax : +91 22 22 6713 2447
Email : project.valbuyback@kotak.com
Contact Person : Mr. Ganesh Rane
SEBI Registration No. : INM000008704

33. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company accepts responsibility for all the information contained in this Letter of Offer. This Letter of Offer is issued under the authority of the Board.

For and on behalf of all members of the Board of Directors of Vardhman Acrylics Limited

Sd/-
Mr. B. K. Choudhary
Managing Director
DIN : 00307110

Sd/-
Mr. Sachit Jain
Director
DIN : 00746409

Sd/-
Ms. Ruchita Vij
Company Secretary
Membership No. : ACS 23294

Date : January 30, 2017
Place : Ludhiana

Tender Form

BUYBACK OPENS ON	FEBRUARY 13, 2017	
BUYBACK CLOSSES ON	FEBRUARY 27, 2017	
For Registrar / Collection Centre Use		
Inward No.	Date	Stamp
Status (please tick appropriate box)		
<input type="checkbox"/> Individual	<input type="checkbox"/> FII	<input type="checkbox"/> Insurance Co.
<input type="checkbox"/> Foreign Co.	<input type="checkbox"/> NRI/OCB	<input type="checkbox"/> FVCI
<input type="checkbox"/> Body Corporate	<input type="checkbox"/> Bank / FI	<input type="checkbox"/> Pension / PF
<input type="checkbox"/> VCF	<input type="checkbox"/> Partnership/ LLP	<input type="checkbox"/> Others (<i>specify</i>)
Indian Tax Residency Status: Please tick appropriate box		
<input type="checkbox"/> Resident in India	<input type="checkbox"/> Non Resident in India	
<input type="checkbox"/> Resident of _____	(Shareholder to Fill country of residence)	
Route of Investment (For NR Shareholders only)		
<input type="checkbox"/> Portfolio Investment Scheme	<input type="checkbox"/> Foreign Investment Scheme	

To,
Board of Directors
Vardhman Acrylics Limited
Chandigarh Road, Ludhiana,
Punjab, 141010
Dear Sirs,

Sub: Buyback upto 1,38,00,000 Equity Shares of Vardhman Acrylics Limited (the "Company") at a price of Rs. 50/- (Rupees Fifty Only) Per Equity Share (the "Buyback Offer Price") Payable in cash

- I / We (having read and understood the Letter of Offer issued by the Company) hereby tender / Offer my / our Equity Shares in response to the Buyback on the terms and conditions set out below and in the Letter of Offer.
- Details of Equity Shares held and tendered / offered for buyback:

	In figures	In words
Equity Shares held as on Record Date (January 13, 2017)		
Equity Shares entitled for Buyback (Buyback Entitlement)		
Number of Equity Shares Offered for Buyback		

Note: An Eligible Person may tender Equity Shares over and above his / her Buyback Entitlement. Number of Equity Shares validly tendered by any Eligible Person up to the Buyback Entitlement of such Eligible Person shall be accepted to the full extent. The Equity Shares tendered by any Eligible Person over and above the Buyback Entitlement of such Eligible Person shall be accepted in accordance with paragraph 24(4), 24(5), 24(6), 24(7) and 24(8) of the Letter of Offer. Equity Shares tendered by any Equity Shareholders over and above the number of Equity Shares held by such Eligible Person as on the Record Date shall not be considered for the purpose of Acceptance.

- I / We authorize the Company to buyback the Equity Shares offered (as mentioned above) and to issue instruction(s) to the Registrar to the Buyback to extinguish the Equity Shares.
- I / We hereby warrant that the Equity Shares comprised in this Tender Offer are offered for Buyback by me/us free from all liens, equitable interest, charges and encumbrance.
- I / We declare that there are no restraints/injunctions or other covenants of any nature which limits/restricts in any manner my/our right to tender Equity Shares for Buyback and that I/We am are legally entitled to tender the Equity Shares for Buyback.
- I / We agree that the Company will pay the Buyback Price as per the Stock Exchange mechanism.
- I / We agree to return to the Company any Buyback consideration that may be wrongfully received by me / us.
- I / We agree to receive, at my own risk, the invalid/unaccepted Equity Shares under the Buyback Offer in the demat account from where I / We have tendered the Equity Shares in the Buyback. In case, if for any reason the Equity Shares cannot be credited to the above demat account, I / We agree to receive a single share certificate for the unaccepted Equity Shares in physical form.
- I / We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my/our tender/offer and agree to abide by any decision that may be taken by the Company to effect the Buyback in accordance with the Companies Act and the Buyback Regulations
- Details of Account with Depository Participant (DP):

Name of the Depository (tick whichever is applicable)

 NSDL

 CDSL

Name of the Depository Participant:

DP ID No:

Client ID:

11. Equity Shareholders Details:

	1 st /Sole holder	Joint Holder 1	Joint Holder 2	Joint Holder 3
Full Name(s)				
PAN				
Address of the 1st/ sole holder				
Telephone of 1st / sole holder		e-mail id of 1st / sole holder		
Signature(s) *				

*Corporate must also affix rubber stamp and sign

12. Applicable for all Non-resident shareholders

I/We undertake to pay income taxes in India on any income arising on such Buyback and taxable in accordance with prevailing income tax laws in India within 7th day of the succeeding months in which the Shares are bought back by the Company. I/We also undertake to indemnify the Company against any income tax liability on any income earned on such Buyback of shares by me/us.

INSTRUCTIONS

- This Offer will open on February 13, 2017 and close on February 27, 2017
- This Tender form has to be read along with the Letter of Offer and is subject to the terms and conditions mentioned in the Letter of Offer and this Tender Form.
- Shareholders who desire to tender their equity shares in the dematerialized form under the Buyback would have to do so through their respective selling member by indicating the details of equity shares they intend to tender under the Buyback offer.
- Shareholders should submit their duly filled Tender Form to at the office of Registrar to the Buyback Offer (as mentioned in section 22 of the Letter of Offer) only post placing the bid via the Seller Member
- In case any registered entity that has merged with another entity and the merger has been approved and has come into effect but the process of getting the successor company as the registered shareholder is still incomplete, then such entity along with the Tender Form file a copy of the following documents:
 - Approval from the appropriate authority for such merger;
 - The scheme of merger; and
 - The requisite form filed with MCA intimating the merger.
- The Buyback shall be rejected for demat shareholders in case of receipt of the completed Tender Form and other documents but non-receipt of Shares in the special account of the Clearing Corporation or a non-receipt of valid bid in the exchange bidding system.**
- The shares in the Offer shall be rejected if the tenderer is not an Eligible shareholder of the Company as on the Record date, if there is a name mismatch in the demat account of the Shareholder.
- The Shareholders will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to prorated Buyback as may be decided by the Company / Registrar to the Buyback, in accordance with the Buyback Regulations.
- Eligible Persons to whom the Offer is made are free to tender shares to the extent of their entitlement in whole or in part or in excess of their entitlement, but not exceeding their holding as on Record Date.
- All documents sent by Eligible Persons will be at their own risk. Eligible Persons are advised to safeguard adequately their interests in this regard.
- By agreeing to participate in the Buyback the NR and NRI shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reportings, if required, including FC-TRS form, if necessary and undertake to provide assistance to the Company for such regulatory reporting, if required by the Company.

Tender Form

BUYBACK OPENS ON February 13, 2017
BUYBACK CLOSES ON February 27, 2017

For Registrar / collection centre use		
Inward No.	Date	Stamp

Status (please tick appropriate box)

- | | | |
|---|---|---|
| <input type="checkbox"/> Individual | <input type="checkbox"/> FII | <input type="checkbox"/> Insurance Co. |
| <input type="checkbox"/> Foreign Co. | <input type="checkbox"/> NRI/OCB | <input type="checkbox"/> FVCI |
| <input type="checkbox"/> Body Corporate | <input type="checkbox"/> Bank / FI | <input type="checkbox"/> Pension / PF |
| <input type="checkbox"/> VCF | <input type="checkbox"/> Partnership/ LLP | <input type="checkbox"/> Others (specify) |

Indian Tax Residency Status: Please tick appropriate box

- Resident in India Non Resident in India
 Resident of _____ (Shareholder to Fill country of residence)

Rout of Investment (For NR Shareholders only)

- Portfolio Investment Scheme Foreign Investment Scheme

To,
 Board of Directors
Vardhman Acrylics Limited
 Chandigarh Road, Ludhiana
 Punjab, 141010

Dear Sirs,

Sub: Buyback upto 1,38,00,000 Equity Shares of Vardhman Acrylics Limited (the "Company") at a price of Rs.50/- (Rupees Fifty Only) Per Equity Share (the "Buyback Offer Price") Payable in cash

- I / We (having read and understood the Letter of Offer issued by the Company) hereby tender / Offer my / our Equity Shares in response to the Buyback on the terms and conditions set out below and in the Letter of Offer.
- Details of Equity Shares held and tendered / offered for buyback:

	In figures	In words
Equity Shares held as on Record Date (January 13, 2017)		
Equity Shares entitled for Buyback (Buyback Entitlement)		
Number of Equity Shares Offered for Buyback		

Note: An Eligible Person may tender Equity Shares over and above his / her Buyback Entitlement. Number of Equity Shares validly tendered by any Eligible Person up to the Buyback Entitlement of such Eligible Person shall be accepted to the full extent. The Equity Shares tendered by any Eligible Person over and above the Buyback Entitlement of such Eligible Person shall be accepted in accordance with paragraph 24(4), 24(5), 24(6), 24(7) and 24(8) of the Letter of Offer. Equity Shares tendered by any Equity Shareholders over and above the number of Equity Shares held by such Eligible Person as on the Record Date shall not be considered for the purpose of Acceptance.

- I / We authorize the Company to Buyback the Equity Shares offered (as mentioned above) and to issue instruction(s) to the Registrar to the Buyback to extinguish the Equity Shares.
- I / We hereby warrant that the Equity Shares comprised in this Tender Offer are offered for Buyback by me/us free from all liens, equitable interest, charges and encumbrance.
- I / We declare that there are no restraints/ injunctions or other covenants of any nature which limits/ restricts in any manner my/ our right to tender Equity Shares for Buyback and that I / We am/ are legally entitled to tender the Equity Shares for Buyback.
- I / We agree that the Company is not obliged to accept any Equity Shares offered for Buyback where loss of share certificates has been notified to Company.
- I / We agree that the Company will pay the Buyback Price only after due verification of the validity of the documents and that the consideration may be paid as per SEBI notified Stock Exchange mechanism.
- I / We agree to return to the Company any Buyback consideration that may be wrongfully received by me / us.
- I / We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my/our tender/offer and agree to abide by any decision that may be taken by Company to effect the Buyback in accordance with the Companies Act and Buyback Regulations.
- I / We authorize the Company to split the Share Certificate and issue new consolidated Share Certificate for the unaccepted Equity shares in case the Equity Shares accepted by the Company are less than the Equity Shares tendered in the Buyback.
- Details of Share Certificate(s) enclosed:

Serial	Folio No.	Share Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
1					
2					
3					
Total					

In case the number of folios and share certificates enclosed exceed 3 nos., Please attach a separate sheet giving details in the same format as above

- Details of other Documents (duly attested) (Please as appropriate, if applicable) enclosed:

<input type="checkbox"/> Power of Attorney	<input type="checkbox"/> Previous RBI approvals for acquiring the Equity Shares of Vardhman Textiles Limited hereby tendered in the Offer
<input type="checkbox"/> Death Certificate	<input type="checkbox"/> Succession Certificate
<input type="checkbox"/> Self-attested copy of PAN	<input type="checkbox"/> Corporate authorizations
<input type="checkbox"/> TRS	<input type="checkbox"/> Others (please specify)

13. Equity Shareholders Details:

	1 st /Sole holder	Joint Holder 1	Joint Holder 2	Joint Holder 3
Full Name(s)				
PAN				
Address of the 1st/ sole holder				
Telephone of 1st/ sole holder		e-mail id of 1st / sole holder		
Signature(s)*				

*Corporate must also affix rubber stamp and sign

14. Applicable for all Non-resident shareholders

I/We undertake to pay income taxes in India on any income arising on such Buyback and taxable in accordance with prevailing income tax laws in India within 7th day of the succeeding months in which the Shares are bought back by the Company. I/We also undertake to indemnify the Company against any income tax liability on any income earned on such Buyback of shares by me/us.

15. Details of bank account of the sole or first Shareholder to be incorporated in the consideration warrant (to be mandatorily filled)

Name of Bank	Branch and City	Account Number (Indicate Type of Account)

INSTRUCTIONS

1. This Offer will open on February 13, 2017 and close on February 27, 2017.
2. This Tender Form has to be read along with the Letter of Offer and is subject to the terms and conditions mentioned in the Letter of Offer and this Tender Form.
3. **Eligible Persons who wish to tender their Equity Shares in response to this Buyback Offer should submit the following documents to their Selling Member (Seller Broker), who in turn would deliver the said documents along with the Transaction Registration Slip (TRS) to the RTA; the documents should be sent to the RTA only after the placement of a valid bid; non-submission of the below mentioned documents directly to the RTA shall result in the rejection of the tendered Equity Shares**
 - i. The Tender Form duly signed (by all Equity Shareholders in case shares are in joint names) the same order in which they hold the shares.
 - ii. Original share certificates
 - iii. Valid share transfer form(s) (SH-4) duly filled and signed by the transferors (i.e. by all registered Shareholders in same order and as per the specimen signatures registered with the Company) and duly witnessed at the appropriate place authorizing the transfer in favor of the Company
 - iv. Self-attested copy of the Shareholder's PAN Card
 - v. Any other relevant documents such as (but not limited to):
 - Duly attested Power of Attorney if any person other than the Equity Shareholder has signed the relevant Tender Form
 - Notarized copy of death certificate and succession certificate or probated will, as applicable, if the original Shareholder has deceased
 - Necessary corporate authorisations, such as Board Resolutions etc., in case of companies
 - vi. In addition to the above, if the address of the Shareholder has undergone a change from the address registered in the Register of Members of the Company, the Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid Aadhar Card, Voter Identity Card or Passport.
4. In case any registered entity that has merged with another entity and the merger has been approved and has come into effect but the process of getting the successor company as the registered shareholder is still incomplete, then such entity along with the Tender Form file a copy of the following documents:
 - i. Approval from the appropriate authority for such merger;
 - ii. The scheme of merger; and
 - iii. The requisite form filed with MCA intimating the merger.
5. Eligible Persons whom the Buyback Offer is made are free to tender Equity Shares to the extent of their entitlement in whole or in part or in excess of their entitlement, but not exceeding the number of Shares held by them as on Record Date.
6. All documents / remittances sent by or to Eligible Persons will be at their own risk and the Eligible Persons are advised to adequately safeguard their interests in this regard.
7. All documents as mentioned above shall be enclosed with the valid Tender Form otherwise the shares will be liable for rejection. The shares shall be liable for rejection on the following grounds amongst others:
 - a) The documents mentioned in the Tender Form for Eligible Shareholders holding Equity Shares in physical form are not received by the Registrar on or before the close of business hours of March 1, 2017) by 5:00p.m.;
 - b) If any other company share certificates are enclosed with the Tender Form instead of the share certificate of the Company;
 - c) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders;
 - d) If the Eligible Person(s) bid the shares but the Registrar does not receive the share certificate; or
 - e) In case the signature in the Tender Form and Form SH-4 doesn't match as per the specimen signature recorded with Company / Registrar.
8. By agreeing to participate in the Buyback the NR and NRI shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reportings, if required, including FC-TRS form, if necessary and undertake to provide assistance to the Company for such regulatory reporting, if required by the Company.
9. The Equity Shares tendered in the buyback shall be rejected if (i) the Shareholder is not a Eligible Shareholder of the Company on the Record Date; (ii) if there is a name mismatch in the demat account of the Shareholder; or (iii) if the Eligible Shareholder has made a duplicate bid.

Form No. SH-4 - Securities Transfer Form

Pursuant to Section 56 of the Companies Act, 2013 and sub-rule (1) of Rule 11 of the Companies
(Share Capital and Debentures) Rules 2014

Date of execution: _____ / _____ / _____

FOR THE CONSIDERATION stated below the "Transferor(s)" named do hereby transfer to the "Transferee(s)" named the securities specified below subject to the conditions on which the said securities are now held by the Transferor(s) and the Transferee(s) do hereby agree to accept and hold the said securities subject to the conditions aforesaid.

CIN:

L	5	1	4	9	1	P	B	1	9	9	0	P	L	C	0	1	9	2	1	2
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Name of the company (in full): _____ Vardhman Acrylics Limited _____

Name of the Stock Exchange where the company is listed, (if any): _____ NSE _____

DESCRIPTION OF SECURITIES

Kind/Class of securities (1)	Nominal value of each unit of security (2)	Amount called up Per unit of security (3)	Amount paid up per unit of security (4)
Equity Share	Rs. 10/-	Rs. 10/-	Rs. 10/-

No. of Securities being Transferred			Consideration received (Rs.)			
In Figures	In words		In words		In Figures	
Distinctive Number	From					
	To					
Corresponding Certificate Nos.						

Transferor's Particulars

Registered Folio Number

Name(s) in Full	Signature(s)
1. _____	_____
2. _____	_____
3. _____	_____

I hereby confirm that the transferor has signed before me.

Signature of the Witness : _____

Name of the Witness : _____

Address of the Witness : _____

Pin Code _____

Transferee's Particulars

Name in full (1)

**Father's/Mother's /Spouse
Name (2)**

Address & E-mail id (3)

1. _____
2. _____
3. _____

1. _____
2. _____
3. _____

_____ **Pin Code** _____

Email Id: _____

Occupation (4)

Existing Folio No., if any (5)

Signature (6)

1. _____
2. _____
3. _____

1. _____
2. _____
3. _____

Folio No. of Transferee

Value of stamp affixed: Rs. _____

Specimen Signature of Transferee(s)

1. _____
2. _____
3. _____

Enclosures:

1. Certificate of shares or debentures or other securities
2. If no certificate is issued, Letter of allotment
3. Copy of PAN Card of all the Transferees (For all listed Cos.)
4. Others, Specify, _____

STAMPS

For Office Use Only

Checked by _____

Signature Talled by _____

Entered in the Register of Transfer on _____

vide Transfer no _____

Approval Date _____

**Power of attorney / Probate / Death Certificate / Letter of
Administration**

Registered on _____ **at**

No _____