



Vardhman

Delivering Excellence. Since 1965.

VARDHMAN ACRYLICS LIMITED

CHANDIGARH ROAD
LUDHIANA-141010, PUNJAB
T: +91-161-2228943-48
F: +91-0161-2601048, 2220766
E: secretarial.lud@vardhman.com

Ref. VAL: SCY: JUN: 2020-2021

Dated: 25.06.2020

National Stock Exchange of India Limited,
Exchange Plaza,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East),
MUMBAI-400 051
Scrip Code: VARDHACRLC

Dear Sir/Madam,

Subject: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Disclosure relating to impact of COVID-19 pandemic on the Company.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020, please find enclosed herewith a disclosure on material impact of COVID-19 pandemic on the Company.

This is for your information and record.

Thanking you,
For Vardhman Acrylics Limited

Satin Katyal
Company Secretary



Encl: As attached

YARNS | FABRICS | THREADS | GARMENTS | FIBRES | STEELS

EFFECT OF COVID19 ON BUSINESS OF THE COMPANY

The Company is a manufacturer of Acrylic Fiber. Acrylic fiber is a synthetic fiber with major end use in making of winter wear such as sweaters, shawls, gloves, caps, woven fabric, non-woven fabric etc. Manufacturing facility is located in the State of Gujarat.

The plant was shut down completely following the Central government's directive of 21 days nation-wide lockdown from 25th March, 2020. Manufacturing operations were resumed on 11th May 2020 after obtaining necessary approvals from state government authorities after MHA allowed industries to reopen in selected areas. Plant uses a number of chemicals and some of these require specific storage conditions from safety angle. During the period of lockdown, the manufacturing and storage facilities were maintained in proper condition by Company's technical team for which special permission from government authorities for movement of personnel was obtained. Start-up of plant was done in accordance with SOP developed by technical team of the Company for such situations. Plant was restarted smoothly. The plant achieved 100% capacity utilization within 48 hours of start-up.

During and post-lockdown, Company has made intensive efforts to meet the Covid19 challenge through an enhanced hygiene and adherence to the social distancing norms, regular health monitoring of employees, disinfection of workplace, use of masks and sanitizers etc. Detailed SOP has been prepared incorporating government guidelines while keeping in view our specific operations. Company is committed to ensure the safety and well-being of its employees.

Company expects a drop in demand for its products during the year. Drop in Q1 FY21 has been substantial. Q2 is likely to be better than Q1. However, at this juncture, it is difficult to make a forecast for the whole year as there is no clarity on the direction of Covid19 especially in India and its impact on India and globally.

There are factors that may restrict drop in demand. The finished products made from acrylic fiber of the company are used mainly during the winter season and are thus seasonable products in nature. In case Covid-19 spread comes under check before onset of winter, it is likely to help in sustaining acrylic fiber demand.

Raw Material of Acrylic Fiber is a crude oil derivative. Relative reduction in crude oil prices is likely to keep Company's raw material prices also at lower level which will help the finished product to be more competitive though the crude oil prices and those of derivatives are likely to remain volatile. Normal monsoon, as is being forecast currently, will boost agriculture income and also the government's thrust on increasing rural incomes are good for demand of Acrylic Fiber.

Global Acrylic Fiber demand is likely to be hit harder than Indian demand and a large surplus is likely to emerge. Acrylic Fiber capacities in major producing countries outside India have been running at low operating rates in the last few months. Many of these, especially those dependent upon exports are expected to continue to be hit by low



demand. Many of these countries have been dumping Acrylic Fiber in past in India and this is now expected to intensify. This would have an adverse impact on margins of Company.

On financial front, the Company has no long term debt. It has adequate cash resources and does not foresee any difficulty in servicing its short term debt and meeting other liabilities. Further, the company do not foresee as of now any impairment or loss to any assets of the Company due to Covid19.

Given the current market situation, Company expects financial performance in Q1 FY21 to be much lower as compared to Q1 FY20.

As future course of Covid 19 in India and globally is difficult to be forecasted as of now despite visible improvements in some parts of the world, it is not possible to develop projections of business operations of the Company beyond next 2-3 months with a reasonable degree of confidence.

