



Vardhmān

Vardhmān Acrylics Limited

23rd Annual Report | **2012-13**

BOARD OF DIRECTORS

Mr. Shri Paul Oswal *Chairman*
Mr. Sachit Jain
Mr. Munish Chandra Gupta
Mr. Sanjit Paul Singh
Dr. Arvind Kumar Bakhshi
Mr. Darshan Lal Sharma
Mr. Surinder Kumar Bansal
Mr. Bal Krishan Choudhary *Managing Director*

CHIEF EXECUTIVE

Mr. B.L. Uppal

COMPANY SECRETARY

Ms. Ruchita Vij

AUDITORS

M/s. S.S. Kothari Mehta & Co.
Chartered Accountants
New Delhi

BANKERS

State Bank of Patiala
ICICI Bank Limited

REGISTRAR AND TRANSFER AGENT

M/s. MCS Limited
Mumbai

REGISTERED & CORPORATE OFFICE

Vardhman Premises, Chandigarh Road,
Ludhiana-141 010
Phones: (0161) 2228943 - 48
Fax: (0161) 6701435, 2601048, 2602710 &
2222616
E-mail: secretarial.lud@vardhman.com
Web site: www.vardhman.com

BUSINESS OFFICE

1st Floor, Palm Court,
Opposite Management Development Institute,
MG Road, Sector 16,
Gurgaon - 122 001

WORKS

755, GIDC, Jhagadia Mega Estate,
Jhagadia - 393 110
Distt. Bharuch (Gujarat)

CONTENTS

Notice	2
Directors' Report	5
Corporate Governance Report	9
Independent Auditors' Report	14
Balance Sheet	16
Statement of Profit and Loss	17
Cash Flow Statement	18
Notes to Financial Statements	19

NOTICE

NOTICE is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Members of the Company will be held on Saturday, the 31st day of August, 2013 at 10.00 a.m. at Regd. Office, Vardhman Premises, Chandigarh Road, Ludhiana - 141 010 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet as at 31st March, 2013 and Statement of Profit & Loss for the year ended on that date together with the Auditors' Report thereon.
2. a) To appoint a Director in place of Mr. Sachit Jain, who retires by rotation in accordance with Article 126 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
b) To appoint a Director in place of Dr. A.K. Bakhshi, who retires by rotation in accordance with Article 126 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To appoint Statutory Auditors for the year 2013-2014 and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section-269 read with Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. B.K. Choudhary, be and is hereby re-appointed as a Managing Director of the Company for a period of three years w.e.f. 1st April 2013, at a remuneration as detailed below:-

S.NO.	REMUNERATION	DETAILS
I.	Basic Salary	Basic Salary will be in the scale of ₹ 1,35,000 - ₹ 12,500 - ₹ 1,60,000 per month.
II.	Commission	Commission equal to 1% of the Net Profit of the Company, subject to maximum of 75% of the Annual Basic Salary.
III.	Special Allowance	Special allowance @ ₹ 35,000 per month.
IV.	Perquisites	The perquisites shall be allowed in addition to basic salary, special allowance and commission. However, such perquisites shall be restricted to an amount equal to one year's basic salary during each year as per details given below :-
a)	Housing	Free Residential Accommodation or House Rent Allowance equal to 40% of basic salary. Free furnishing is to be provided by the Company along with other amenities. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.
b)	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including mediclaim insurance premium) on self and his family, subject to a maximum ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family shall be reimbursed once in a year in accordance with the rules specified by the Company subject to a maximum of ₹ 40,000 p.a.
d)	Club Fees	Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
e)	Personal Accident Insurance	Premium not to exceed ₹ 5,000 per annum.
f)	Provident Fund	Contribution to provident fund, will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income-Tax Act, 1961. The said contribution will also be subject to the rules framed by the Company in this respect.
g)	Car & Telephone	Free use of Company's car for official work as well as for personal purposes along with Driver and telephone at Company's cost.

Explanation: "Family" means the spouse, the dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT Mr. S. P. Oswal, Chairman, be and is hereby authorised to execute an agreement on behalf of the Company with Mr. B.K. Choudhary subject to such changes and modifications as may be approved by the Members and agreed to by the Board of Directors and Mr. B.K. Choudhary.

RESOLVED FURTHER THAT Common Seal of the Company, if required, be affixed on the said Agreement, in the presence of Mr. S.P. Oswal, Chairman and Ms. Ruchita Vij, Company Secretary, who shall countersign the same in token thereof.

RESOLVED FURTHER THAT Ms. Ruchita Vij, Company Secretary, be and is hereby authorised to take all necessary steps as may be deemed necessary to comply with other legal formalities in this regard."

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :-

"RESOLVED THAT pursuant to the provisions of Section 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby given for enhancement of the sitting fee payable to the Directors from ₹ 12,000/- and ₹ 10,000/- per meeting to ₹ 20,000/- and ₹ 15,000/- per meeting for attending the Board Meeting and Audit Committee Meeting respectively".

By Order of the Board

Place: Gurgaon

Date: May 28, 2013

**(Ruchita Vij)
Company Secretary**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 4 & 5 of the Notice is annexed hereto and the information pursuant to Corporate Governance Clause of Listing Agreement (s) regarding the directors seeking re-appointment in the Annual General meeting, as proposed in Item no.2 of the Notice, is also being annexed hereto separately and both forms part of the Notice.
3. The Register of Members and share Transfer Books of the Company shall remain closed from 19th August, 2013 to 31st August, 2013 (both days inclusive).
4. Members desiring any information as regards accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
5. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 a.m. to 12.30 p.m.

6. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.

7. **The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 19, 2011 respectively, taken a 'Green Initiative in Corporate Governance', by allowing paperless compliances through electronic mode, allowing to send documents such as Notice convening General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report, etc. and any other notice/documents, henceforth in electronic form in lieu of the paper form.**

In case you wish to support your Company's concern to prevent global environment degradation, you are requested to please register your e-mail ID with your DP, if you hold the Company's shares in electronic form, under intimation to the Registrar & Transfer Agent through your registered e-mail ID. However, if you hold the shares in physical form, then you may register your e-mail ID with the Registrar & Transfer Agent of the Company by sending a letter under your Registered signature at the below mentioned address:

M/s MCS Limited

Office No. 21/22, Ground Floor, Jamnadas Building,
5, P.D. Mello Road (Chadiali Gudi),

Masjid, Mumbai-400 009

Phone: -22-23726253-6255, Fax: 022-23726252

E-mail: mcspanvel@yahoo.co.in

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO. 4 OF SPECIAL BUSINESS:

The members of the Company in their Annual General Meeting held on 30.08.2008 had approved appointment of Mr. B.K. Choudhary as Managing Director of the Company for five years term w.e.f 12.05.2008. The present term of his appointment is expiring on 11th May 2013. However, the Board of Directors in its meeting held on 02.02.2013 has re-appointed Mr. B.K. Choudhary as Managing Director for a period of Three years w.e.f. 1st April 2013 to 31st March 2016, at remuneration as detailed in the resolution.

The said re-appointment of Mr. Choudhary is subject to the approval of the members.

Accordingly, your approval is solicited.

MEMORANDUM OF CONCERN OR INTEREST:

Except Mr. B.K Choudhary, none of the Directors is interested or concerned in the re-appointment.

ITEM NO. 5 OF THE SPECIAL BUSINESS:

Article 116 of the Articles of Association of your Company provides for payment of sitting fee to every director for attending a meeting of the Board or its Committee subject to such maximum fee as may be prescribed by the Central Government from time to time. In terms of Circular No. G.S.R. 580(E) dated 24.07.2003



issued by the Central Government, your Company can pay a maximum amount of ₹ 20,000/- as sitting fee for each meeting of the Board of Directors or a Committee thereof.

Keeping in view the contribution made by the Directors in framing progressive policies and their valuable guidance/suggestions from time to time, the Board of Directors in its meeting held on 28th May 2013 enhanced the sitting fee from ₹ 12,000/- to ₹ 20,000/- and from ₹ 10,000/- to ₹ 15,000/- per meeting for attending the Board Meeting and Audit Committee Meeting respectively, for which your approval is solicited.

MEMORANDUM OF INTEREST:

Except Mr. Shri Paul Oswal, Chairman, Mr. Sachit Jain, Mr. Darshal Lal Sharma, Directors and Mr. B.K. Choudhary, Managing Director, all other directors of the Company are interested or concerned in this resolution.

By Order of the Board

Place: Gurgaon
Date: May 28, 2013

(Ruchita Vij)
Company Secretary

Information pursuant to the Corporate Governance Clause of the Listing Agreement(s) regarding Directors seeking re-appointment in the Next Annual General Meeting

Name of the Director	Mr. Sachit Jain	Dr. A.K. Bakhshi
Date of Birth	08.07.1966	06.10.1947
Date of Appointment	30.12.1995	12.05.2008
Expertise in specific functional area	Business Executive having experience of more than 24 years in textiles industry.	About 38 years experience in teaching, research & educational programmes at Universities.
Qualification	B.Tech., M.B.A	M.Sc., Ph.D
Directorships of Other Companies	<ul style="list-style-type: none"> • Vardhman Textiles Limited • Vardhman Special Steels Limited • Vardhman Holdings Limited • Vardhman Apparels Limited • Vardhman Yarns & Threads Limited • Syracuse Invst. & Trdg. Co. Pvt. Ltd. • Adinath Investment & Trdg. Company • Devakar Invst. & Trdg. Co. Pvt. Ltd. • Mahavir Spinning Mills Private Limited • Srestha Holdings Limited • Anklesh Investments (P) Ltd. • Pradeep Mercantile Co. Pvt. Ltd. • Plaza Trading Company Pvt. Ltd. • Marshall Invst. & Trdg. Co. (P) Ltd. • Santon Finance & Invst. Co. Ltd. • Flamingo Finance & Invst. Co. Ltd. • Ramaniya Finance & Invst. Co. Ltd. • Vardhman Spinning and General Mills Limited • VTL Investments Limited • Vardhman Nisshinbo Garments Company Limited • UTI Asset Management Company Limited 	NIL
Chairman/Member of Committees of Other Companies	<p>Chairman/Member-Audit Committee</p> <ul style="list-style-type: none"> • Vardhman Yarns & Threads Limited • Vardhman Nisshinbo Garments Company Limited <p>Chairman/Member-Shareholders'/ Investors' Grievances Committee</p> <ul style="list-style-type: none"> • Vardhman Holdings Limited <p>Member-Shareholders'/ Investors' Grievances Committee</p> <ul style="list-style-type: none"> • Vardhman Textiles Limited <p>Member- H.R. Committee</p> <ul style="list-style-type: none"> • UTI Asset Management Company Limited 	NIL
No. of Shares Held	10	NIL
Relationship with other Directors	Related to Mr. S.P. Oswal	Not related to any Director

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their Twenty-Third Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2013.

1. FINANCIAL RESULTS:

The financial results for the year are as under:-

	(₹ in Lacs)	
Particulars	2012-13	2011-12
Sales (Gross)	47,369.65	42,122.05
Profit before Depreciation, Interest & Tax (PBDIT)	5,012.26	4,696.64
Interest & Financial Charges	88.38	43.71
Profit before depreciation & Tax (PBDT)	4,923.88	4,652.93
Depreciation	1,128.93	1,124.18
Profit before Tax	3,794.95	3,528.75
Provision for Tax		
- Current Tax	1,530.00	1,325.00
- Deferred Tax	(175.62)	(252.69)
- IT adjustment for earlier year	0.25	2.94
Profit after Tax	2,440.32	2,453.50
Prior period adjustments (Net)	(0.07)	4.56
Net Profit	2,440.39	2,448.94
Earnings per share (in ₹)	2.38	2.26

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the year under review as stipulated under clause 49 of the Listing Agreement with Stock Exchange in India, is presented as under.

a) ACRYLIC FIBRE INDUSTRY - GLOBAL AND INDIAN PERSPECTIVE:

In the year 2012, global Acrylic Fibre (AF) consumption is reported to witness a drop of around 3% in demand over the previous year as against expectation of flat to moderate growth. The demand of manmade fibres globally is reported to have grown around 6.0% in the year 2012 over the previous year with all fibres demand growth estimated around 1.9%. The Chinese AF consumption also seems to have dropped by around 3% over the corresponding period. As against this demand drop, Indian AF consumption seems to have grown by more than 5%, possibly 8%. This growth in demand is in contrast to around 1% drop in all fibres demand and of around 6% drop in demand of all manmade fibres in India during the same period. The gain in AF demand, however, has been largely met through imports with Indian AF production dropping by more than 3%. The growth in Indian AF demand in

face of declining economic growth and decline in demand of manmade fibres is a positive sign and augurs well for Indian AF chain.

The international AF price witnessed volatile movements with drop of about 25% within a period of 4 months from April to July 2012 with improvement of around 10% over the next 2-3 months. The domestic market price also witnessed similar movements. Unlike the previous year, in the year under discussion, the AF price was affected more by Acrylonitrile prices and demand conditions than the volatile price movements of other competing fibres.

Globally, the AF capacity utilization was estimated to be around 85%, Chinese capacity utilization was estimated to be less than 80% with Indian capacity utilization also being less than 80%.

The principal raw material of the Company Acrylonitrile (AN) witnessed sharp drop of more than 30% within a period of four months from April to July in 2012. Thereafter also, the AN prices continued to move up and down with movements being more than 10% from month to month. The rapid fluctuations added to market uncertainty and affected the margins of AF industry globally including India. The AN prices witnessed volatile movements in the first quarter of the year largely on account of drop in Brent Crude Oil price from USD125 bbl approx in March 2012 to USD 113 bbl approx in Aug 2012. New global AN capacity addition of more than 3 lacs MT in the year 2012 against dropping demand of AF and declining growth rate of ABS consumption also affected AN prices. The slowdown in economic growth of China, unabated crisis in some Euro Zone economies and uncertain recovery in US had an impact on both ABS and AF consumption, two principal usages of AN accounting for more than 70% of AN consumption which in turn affected AN demand and prices.

The year under discussion was full of challenges for AF industry both globally as also in India. While falling demand of AF and volatile price movement of AN posed challenges globally, the Indian AF producers faced additional challenge of increasing imports at low prices.

b) FINANCIAL ANALYSIS & REVIEW OF OPERATIONS:

• PRODUCTION & SALES REVIEW:

The total production during the year under consideration was 20,404 MT as against 20,306 MT in the previous year. Your Company has achieved a turnover of ₹ 47,369.65 lacs against a turnover of ₹ 42,122.05 lacs in the previous year. After providing for depreciation of ₹ 1,128.93 lacs (previous year ₹ 1,124.18 Lacs) and provision for current tax (including wealth tax) of ₹ 1,530 lacs (previous year ₹ 1,325 lacs), deferred tax of ₹ (175.62) lacs (previous year ₹ (252.69) lacs) and income tax adjustments for earlier years of

₹ 0.25 lacs (previous year ₹ 2.94 Lacs), Profit after tax of the Company is ₹ 2,440.32 lacs as against a net profit of ₹ 2,453.50 lacs in the previous year.

• **RESOURCE UTILISATION:**

i) **Fixed Assets:**

The gross fixed assets (including work-in-progress) as at 31st March, 2013 were ₹ 23,959.09 lacs as compared to ₹ 23,892.51 lacs in the previous year.

ii) **Current Assets:**

The current assets as on 31st March, 2013 were ₹ 22,583.48 lacs as against ₹ 13,697.24 lacs in the previous year. Inventory level was at ₹ 6,621.14 lacs as against ₹ 5,734.79 lacs in the previous year.

• **FINANCIAL CONDITIONS & LIQUIDITY:**

Liquidity & Capital Resources:

Particulars	(₹ in Lacs)	
	2012-13	2011-12
Cash & cash equivalents:		
Beginning of the year	534.16	431.28
End of the year	1,209.08	534.16
Net cash provided/(used) by:		
Operating Activities	2,372.79	2,753.55
Investing Activities	285.20	(3,217.81)
Financial Activities	(1,983.07)	567.15

c) **BUSINESS OUTLOOK:**

The forecasts on Indian economic growth vary widely between 5% to 6.5% in the year 2013-14. It is a worrisome drop against economic growth of +8% achieved by the Indian economy over the few previous years. The current account and fiscal deficits pose serious challenges. The inflation, though under check in April-May 2013, remains a large threat. Rapid and large fluctuation in currency exchange rates can add to the problems of AF industry.

Globally, the economic growth forecast of 3.2 - 3.3% in the year 2013 is cause of some cheer though it seems to be optimistic in face of continuing European economic zone difficulties and fragile US economic recovery. The Chinese growth is likely to slow down to 7.5% approx in 2013. All these forecasts do not seem to support large growth in the consumption of AF.

In the year 2013, new AN capacity of around 4 lacs MT will be commissioned over available capacity in the year 2012. Against modest demand increase of AF and slowing demand growth of ABS, this increase in AN capacity is likely to keep AN prices in affordable zones to permit AF to remain competitive with other

competing fibres. It may act as a barrier against further substitution of AF by other fibres. Due to favourable weather conditions in the previous winter and demand growth, the acrylic pipeline in India is carrying relatively low stocks. This factor may help in sustaining AF consumption in FY 2013-14. In overall analysis, it seems that AF consumption in FY 2013-14 will show flat to marginal growth in India and world over. Unless imports at unreasonably low prices are checked, the Indian AF industry may not benefit from the sustained consumption or marginal growth of AF locally.

d) **INTERNAL CONTROL SYSTEM:**

The internal audit is well designed and adequate to review all systems, processes and controls of the Company. It covers review and examination of compliances with all policies, procedures and statutory requirements. The suggestions for improvement of systems and processes form part of the recommendations of the internal audit team. The findings and recommendations of the internal audit team are discussed and examined by the senior management and the audit committee of the board. The timely implementation of the corrective measures is tracked.

e) **MANAGEMENT PERCEPTION OF RISK & CONCERNS:**

The Indian economic growth forecasts in face of high current account and fiscal deficits and other economic factors remain uncertain and unreliable. The untamed inflation in India leading to lower discretionary spending by low income group consumers adds to the uncertainty on consumption of AF. The climatic conditions during the winter months, performance of monsoon which has major impact on agriculture incomes and change in fashion trends may impact the consumption of AF.

The uncertainty on global economic growth with fragile improvement in US economy, continued dismal economic performance of European countries, yet not clear Japanese economic growth trends and definite slow down in Chinese economic growth will keep crude oil and energy prices volatile. The principal raw materials of your Company are both petrochemical derivatives susceptible to the volatility of the petro chain. The other factors like demand and availability of propylene add to the AN price uncertainty. There have been significant developments in other competing fibres especially in cotton and polyester. The relative price movements and speculative considerations may lead to increased inter fibre substitution which generally has adverse impact on AF consumption. Additionally, unreasonably low priced imports of AF will continue to pose serious problems to the domestic AF Industry.

f) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS:

The Company continued to focus on training and development of the personnel at all levels to enhance skills, knowledge and competencies. The efforts to build a positive and excellence oriented work culture and promoting innovation continued. Your Company has always placed great emphasis on building an environment of mutual trust and harmony with all of its personnel. The industrial relations remained harmonious and cordial during the year.

The Company employed 294 persons during the year.

3. BUY-BACK OF EQUITY SHARES:

The Company commenced the Buy-Back of its Equity Shares under Open Market mechanism with effect from May 29, 2012, after it was approved by the Board of Directors of the Company at its meeting held on May 09, 2012. Pursuant to said offer, the Company bought back 14,554,141 equity shares of ₹ 10/- each and extinguished 13,906,160 equity shares during the year ended 31st March, 2013. Consequent to such extinguishment of shares, paid up share capital of the Company as on March 31, 2013 stood at ₹ 9,462.63 lacs.

4. DIRECTORS:

Mr. Sachit Jain and Dr. A.K. Bakhshi, Directors of your Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

5. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- i. In the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- ii. Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts have been prepared on a going concern basis.

6. CORPORATE GOVERNANCE:

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A certificate from the Auditors of the Company

regarding compliance of conditions of Corporate Governance as stipulated under Corporate Governance Clause of the Listing Agreement is annexed to the report on Corporate Governance.

7. STATUTORY AUDITORS:

M/s. S.S. Kothari Mehta & Company, Chartered Accountants, New Delhi, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

8. STATUTORY AUDITORS' REPORT:

The Statutory Auditors' Report on the Accounts is self-explanatory and requires no comments.

9. COST AUDITOR:

The Board of Directors of your Company has recommended Mr. R.A Mehta, Practising Cost Auditor, Ankleshwar (being eligible for re-appointment) to be re-appointed as a Cost Auditor for the financial year 2013-14 subject to approval of the Central Government under section 233B of the Companies Act, 1956.

10. PERSONNEL:

None of the employees has received salary of ₹ 60.00 lac per annum or ₹ 5.00 lac per month or more during the financial year 2012-2013. Accordingly, no particulars of employees are to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956.

11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

The optimal utilisation of energy remained a major focus area and a number of steps were taken in this direction. The information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors), Rules 1988, with respect to these matter is appended hereto and forms part of this report.

12. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government Authorities, Financial Institutions & Bankers for their continued and valuable co-operation and support to the Company.

Your Directors express their deep appreciation for the devoted and sincere efforts put in by the members of the team at all levels of operations in the Company during the year. The Company feels confident of continued cooperation and efforts from them in future also.

For and on behalf of the Board

Place: Gurgaon
Date: May 28, 2013

(S.P. Oswal)
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

I. CONSERVATION OF ENERGY:

Variable frequency Drives were installed at variable equipments as a measure to conserve electrical energy during the period under report.

FORM-A:

A) POWER AND FUEL CONSUMPTION:

Particulars	Unit	2012-13	2011-12
1. Electricity:			
a) Purchased			
Units	(KWH in Lacs)	Nil	Nil
Total Amount	(₹ In Lacs)	Nil	Nil
Rate per unit	(₹/KWH)	Nil	Nil
b) Own Generation:			
i) Through Diesel Generator			
Unit per Litre of Diesel Oil	(KWH)	3.50	3.00
Cost / Unit	(₹/KWH)	12.79	13.31
ii) Through Turbines			
Unit per Kg. of coal/Lignite	(KWH/Kg)	1.17	1.12
Total Cost	(₹ In Lacs)	728.58	704.18
Cost/Unit	(₹/KWH)	2.84	2.67

2. Coal (used in Boiler for generation of Process Steam)

Quantity	(MT)	37,347	35,215
Total Cost	(₹ in Lacs)	1,240.55	1,056.28
Average Rate	(₹ per MT)	3,322	2,999

3. Furnace Oil (used in Boiler for generation of Steam)

Quantity	(K. Ltrs.)	297.35	189.02
Total Cost	(₹ in Lacs)	108.95	53.10
Average Rate	(₹ per Ltrs.)	36.64	28.09

B) CONSUMPTION PER UNIT OF PRODUCTION:

Acrylic Fibre/Acrylic Tow

Electricity	(KWH/Kg)	1.31	1.33
Coal (used in Boiler for generation of Steam)	(MT/MT)	1.83	1.73
Furnace Oil (used in Boiler for generation of Steam)	(K. Ltrs./MT)	0.015	0.009

II. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished as per Form-B Rules as follows:

FORM-B:

A) RESEARCH AND DEVELOPMENT (R&D)

(i) Specific areas in which R&D is carried out by the Company:

- New product development and customer end trials.
- Trials for increase in productivity.
- Full switchover to new co-monomer and quality stabilization.
- Pilot scale trials conducted for water recovery.

(ii) Benefits derived as a result of the above R&D:

- Wider product mix offering to the market.
- Strengthening of cost competitive position.

(iii) Future plan of action:

- Further efforts on increase in productivity and balancing the capacity of equipments and systems.

(iv) Expenditure on R&D:

	(₹ in lacs)	
	2012-13	2011-12
Non- Recurring	–	–
Percentage of turnover	–	–

B) TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION:

(i) Efforts made towards technology absorption, adoption and innovation

- Poly batch preparation operations mechanized
- Automation done in solvent system for quality improvement

(ii) Benefits derived as a result of the above efforts:

- Work simplification.
- Better quality of product.
- Minimizing scope of error in operations.

(iii) In case of technology imported during the last 5 years:

a) Technology imported	NIL
b) Year of Import	NA
c) Has technology been fully absorbed?	NA
d) If Not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	NA

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(₹ in lacs)	
	2012-13	2011-12
Foreign Exchange earned (FOB)	NIL	NIL
Foreign Exchange used (on accrual basis)	29,752.44	20,407.68

CORPORATE GOVERNANCE REPORT

This Report on Corporate Governance forms part of the Annual Report. It assumes a great deal of importance in the business life of the Company. The Company's goal is to find creative and productive ways of delighting its stakeholders i.e. investors, customers & associates, while fulfilling the role of a responsible corporate representative committed to best practices. This section besides being in compliance of the provisions of Listing Agreement gives an insight into the process of functioning of the Company. The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. Further the Company has also implemented several best Corporate Governance practices as prevalent globally.

1. COMPANY'S PHILOSOPHY:

- Faith in bright future of Indian textiles and hence continued expansion in areas "which we know best".
- Total customer focus in all operational areas.
- Products to be of best available quality for premium market segments through Total Quality Management (TQM) and zero defect implementation.
- Global orientation.
- Integrated diversification/product range expansion.
- World class manufacturing facilities with most modern R & D and process technology.
- Faith in individual potential and respect for human values.
- Encouraging innovation for constant improvement to achieve excellence in all functional areas.
- Accepting change as a way of life.
- Appreciating our role as a responsible corporate citizen.

2. BOARD OF DIRECTORS:

a) Composition:

The Board of Directors comprises of a Non-Executive Chairman, a Managing Director and six Non-Executive Directors. Out of the total strength of Eight (8) Directors, four Directors are independent.

b) Board Meetings:

During the financial year 2012-2013, the Board met four times on 09.05.2012, 25.07.2012, 06.11.2012 and 02.02.2013.

The composition of Board of Directors and Directors attendance at the Board Meetings and at last Annual General Meeting of the Company, as also the number of Directorships/Chairmanships held by them in other Public Limited Companies, during the financial year 2012-13 are given as follows:-

Name of Director	Designation & Category	No. of Board Meetings attended	Attendance at Last AGM	Directorship in other Public Ltd. Companies	Committee Memberships in other Public Ltd. Companies	Board Chairmanships in other Public Ltd. Companies	Committee Chairmanships in other Public Ltd. Companies
Mr.S.P. Oswal	Non-Executive Chairman, Non Independent	3	Yes	11	-	5	-
Mr.B.K. Choudhary	Managing Director, Non Independent	4	Yes	2	-	-	-
Mr.Sachit Jain	Non-Executive Director, Non Independent	3	No	13	4	1	3
Mr.D.L. Sharma	Non-Executive Director, Non Independent	3	Yes	5	5	1	-
Mr.S.P. Singh	Non-Executive Director, Independent	4	No	-	-	-	-
Mr.M.C. Gupta	Non-Executive Director, Independent	4	No	2	1	-	1
Mr.S.K. Bansal	Non-Executive Director, Independent	3	No	1	1	-	-
Dr.A.K Bakhshi	Non-Executive Director, Independent	4	No	-	-	-	-

3. AUDIT COMMITTEE:

The Audit Committee of the Board of Directors was constituted in conformity with the requirements of the Listing Agreement as well as Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are as set out in the Listing Agreement entered into with Stock Exchanges and Section 292A of the Companies Act, 1956. The Audit Committee comprises of three directors viz. Mr. S. P. Singh, Mr. M.C Gupta and Mr. D.L. Sharma. Mr. S. P. Singh is the Chairman of the Committee. All members of the Audit Committee are financially literate and have accounting or related financial management expertise.

Managing Director, Statutory Auditors, Internal Auditors and Chief Financial Officer are permanent invitees to the Committee. The Company Secretary of the Company is the Secretary to this Committee.

During the Financial year 2012-13, the Audit Committee met four times on 09.05.2012, 25.07.2012, 06.11.2012 and 02.02.2013.

The attendance of the members of the Committee is given below:-

Committee Members	Category	No. of Audit Committee Meetings Attended
Mr. S.P. Singh	Non-Executive, Independent Director	4
Mr. M.C. Gupta	Non-Executive, Independent Director	4
Mr. D. L. Sharma	Non-Executive, Non-Independent Director	3

4. DIRECTORS' REMUNERATION, SHAREHOLDING:

(i) Remuneration:

a) Managing Director:

The Company pays remuneration to the Managing Director as approved by the Board of Directors and Members of the Company in the General Meeting. During the financial year 2012-13, Managing Director drew a Salary of ₹ 26.49 lacs (Salary of ₹ 18.96 lacs, Commission ₹5.70 lacs, Contribution to Provident and Other funds ₹1.37 lacs and other including Perquisites ₹ 0.46 lacs)

b) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board and Committee Meetings. The details of the sitting fees paid to the Directors during the Financial year 2012-13 is given below:-

S. No.	Name of The Director	Sitting fee (₹)
1	Mr. S.P. Singh	88,000
2	Mr. M.C. Gupta	93,000
3	Dr. A.K. Bakhshi	48,000
4	Mr. S.K. Bansal	36,000

(ii) Shareholding:

None of the Directors hold any shares in the Company except Mr. S.P. Oswal and Mr. Sachit Jain, who hold 10 Equity shares each and Mr. D.L. Sharma who holds 1,000 Equity Shares of the Company.

(iii) Relationship *inter se*:

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

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

To look into the redressal of investors' complaints on various issues, the Company constituted a Shareholders'/ Investors' Grievance Committee on 17.04.2003. The members of the Committee are Mr. M.C. Gupta, Mr. D.L. Sharma and Mr. B.K. Choudhary. The quorum of the Committee is two members. The Chairman of the Committee is Mr. M.C. Gupta, a non-executive independent director. During the financial year, a meeting of the Committee was held on 02.02.2013 and the same was attended by all the members of the Committee.

Ms. Ruchita Vij, Company Secretary of the Company, is the Compliance Officer for this Committee.

During the financial year 2012-13, the Company has not received any complaint.

6. GENERAL BODY MEETINGS :

a. The details of last three Annual General Meetings are given as follows:-

Financial Year (ended)	Day, date & time of the meeting	Venue	No. of Special Resolutions
31 st March, 2012 - 22nd AGM	Saturday, 1 st September 2012 at 3.00 p.m.	Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana-141 010	-
31 st March, 2011 - 21st AGM	Saturday, 23 rd July 2011 at 3.00 p.m.	-do-	1
31 st March, 2010 - 20th AGM	Monday, 19 th July, 2010 at 12.30 p.m.	-do-	1

b. Postal Ballot related Information:

The Company has not passed any resolution through postal ballot, during the financial year 2012-2013.

The Board of Directors of the Company in their meeting held on 28th May, 2013 has approved to increase the limit of Investments/Inter Corporate loans that can be made by the Company to the extent of ₹ 150 crore over and above the higher of (a) 60% of the paid up share capital and free reserves or (b) 100% of free reserves of the Company, subject to shareholders' approval by way of a Special Resolution u/s 372A of the Companies Act, 1956. Pursuant to section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the said proposal would require Members approval through postal Ballot.

Procedure for Postal Ballot:

1. Dispatch of Postal Ballot Notice, form along with draft resolution and explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, stating the material facts and reasons for the proposal, shall be completed by 14th June 2013.
2. Members are required to complete the Postal Ballot forms and send it to the Company in enclosed self-addressed prepaid envelop on/before the close of working hours on 15th July 2013.
3. The Company has appointed Mr. Bhupesh Gupta of M/s. B.K. Gupta & Associates, Practising Company Secretary, as a Scrutinizer for conducting postal ballot process in accordance with the law and in fair and transparent manner.
4. The Scrutinizer will submit his report to the Chairman or Authorised Director of the Company after completion of the scrutiny and the result of the voting by postal ballot will be announced on 25th July 2013 at 10.00 a.m. at the Company's Registered Office at Vardhman Premises, Chandigarh Road, Ludhiana- 141010 and will be hosted on the website of the Company.

7. DISCLOSURES:

There was no material/significant transaction with the Directors or the management, their subsidiaries or relatives, etc. that have any potential conflict with interest of the Company at large. Also there has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.

Further, the Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company may also take-up the non-mandatory requirements of Clause 49 in due course of time.

8. MEANS OF COMMUNICATION:

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

9. GENERAL SHAREHOLDERS INFORMATION:

i) 23rd Annual General Meeting:

Date	: 31 st August, 2013
Time	: 10.00 A.M
Venue	: Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana- 141 010

ii) Financial Calendar 2013-2014 (Tentative):

First Quarter Results	: July, 2013
Second Quarter Results	: October, 2013
Third Quarter Results	: January, 2014
Annual Results	: May, 2014

iii) Dates of Book Closure: : 19th August, 2013 to 31st August, 2013
(Both days inclusive)

iv) Dividend payment date: : The Board has not recommend any dividend for the financial year 2012-13.

v) Listing : The Shares of the Company are listed on the following two Stock Exchanges:-

1. National Stock Exchange of India Ltd., Mumbai (NSE). "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
2. The Ludhiana Stock Exchange Ltd., Ludhiana (LSE) Feroze Gandhi Market, Ferozepur Road, Ludhiana-141 001

The Company has duly paid the listing fee to all the aforesaid Stock Exchanges for the financial year 2013-14.

vi) **Stock Code**

- The National Stock Exchange of India Ltd. : VARDHACRLC
- The Ludhiana Stock Exchange Association Ltd.: VACR

vii) **Stock Market Data**

The month-wise highest, lowest and closing stock prices on the National Stock Exchange during the financial year 2012-13 are given below :-

Financial Year 2012-13	Share Prices of the Company			
	Highest (₹)	Lowest (₹)	Closing (₹)	% age Change over last month's closing
Apr-12	8.55	7.10	7.95	12.77
May-12	8.90	7.00	8.65	8.81
Jun-12	11.05	7.90	10.90	26.01
Jul-12	11.40	10.25	11.10	1.83
Aug-12	11.55	10.25	11.25	1.35
Sep-12	11.60	10.95	11.55	2.67
Oct-12	12.95	11.10	11.50	(0.43)
Nov-12	11.95	11.15	11.25	(2.17)
Dec-12	11.80	11.05	11.50	2.22
Jan-13	12.10	11.15	11.80	2.61
Feb-13	12.35	11.75	12.25	3.81
Mar-13	12.55	12.00	12.50	2.04

There has been no trading in the scrip of the Company on the Ludhiana Stock Exchange since January 23, 2002.

viii) **Registrar & Share Transfer Agent:**

Pursuant to guidelines of Securities and Exchange Board of India (SEBI), the work related to Share Transfer Registry, in terms of both physical and electronic mode, is being dealt at single point with M/s. MCS Limited at its address given below:-

M/S MCS LIMITED
Office No. 21/22, Ground Floor, Jamnadas Building
5, P.D. Mello Road (Ghadiali Gudi), Masjid,
Mumbai - 400 009 (Maharashtra)
Phone: 022-23726253-55, Fax: 022-2372656
E-mail: mcspanvel@yahoo.co.in

ix) **Share Transfer System:**

M/s. MCS Ltd, Mumbai is the Registrar and Share Transfer Agents of the Company. As per the arrangement with them, the list of valid transfers prepared by the Transfer Agents in respect of share transfers cases received by them and objections, if any, is placed before the Board/Share Transfer Committee of the Company.

The shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) of the Company is INE 116G01013.

x) **Distribution of Shareholding as on 31st March, 2013:**

Range of Number of Shares	SHAREHOLDERS		SHARES	
	Number	Percent	Number	Percent
1 - 500	7271	54.59	2,072,356	2.19
501 - 1000	2843	21.34	2,676,286	2.83
1001 - 2000	1331	9.99	2,331,279	2.46
2001 - 3000	502	3.79	1,363,556	1.44
3001 - 4000	216	1.62	800,036	0.85
4001 - 5000	357	2.68	1,748,466	1.85
5001 - 10000	394	2.96	3,191,253	3.37
10001 - 50000	335	2.51	7,079,623	7.48
50001 - 100000	42	0.32	2,932,905	3.10
100001 and above	29	0.22	70,430,588	74.43
Total	13,320	100.00	94,626,348	100.00

xi) Dematerialisation of shares:

As on 31st March, 2013, 99.95 % of the capital comprising 94,582,328 Equity shares was in dematerialised form.

xii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, Conversion dates and likely impact on Equity:

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

xiii) Plant location:

755, GIDC, Jhagadia Mega Estate,
Jhagadia - 393 110,
Distt. Bharuch, Gujarat.

xiv) Address for correspondence:

Registered Office: Chandigarh Road, Ludhiana-141 010.
Tel : 0161-2228943-48
Fax : 0161-2601048, 2602710, 2642616
E-mail : secretarial.lud@vardhman.com

DECLARATION UNDER CLAUSE 49

All the Board Members and Senior Management have affirmed compliance to the Code of Conduct for the Financial Year 2012-13.

Place: Gurgaon
Dated: May 28, 2013

(S.P. Oswal)
Chairman

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

**The Members,
Vardhman Acrylics Limited**

We have examined the compliance of conditions of Corporate Governance by **Vardhman Acrylics Limited**, for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Registration No.: 000756N**

Place : New Delhi
Dated : May 28, 2013

(CA Kamal Kishore)
Partner
Membership No.: 078017

INDEPENDENT AUDITORS' REPORT

To
The Members,
Vardhman Acrylics Limited

Report On the Financial Statements

We have audited the accompanying Financial Statements of Vardhman Acrylics Limited ("the Company") which comprises the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and Notes to the Financial Statements comprising of a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- ii) In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order;
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For S.S.KOTHARI MEHTA & COMPANY
Chartered Accountants
Firm Registration No. 000756N

Kamal Kishore
Partner

Dated: May 28, 2013
Place: New Delhi

Membership No. 078017

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As part of this programme, the management has physically verified certain fixed assets during the year. Discrepancies noticed on such verification as compared to book records were not material, and have been properly adjusted in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores and spare parts and raw materials. Further, stocks in the possession and custody of third parties and stock in transit as at 31st March, 2013 have been verified by the management with reference to confirmation of statement of account or correspondence with the third parties or subsequent receipts of goods. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

Vardhman Acrylics Limited

- (b) Since there are no such loans, comments regarding terms & conditions, repayment of the principal amount, interest due thereon and overdue amounts are not required.
- (c) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (d) Since there are no such loans, comments regarding terms & conditions, repayment of the principal amount, interest due thereon and overdue amounts are not required.
4. In our opinion and according to the information & explanations given to us during the course of audit, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of a major weakness in the aforesaid internal control systems.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no transactions which are required to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (b) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that, there are no transactions made in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lacs rupees in respect of each party during the year.
6. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 58A, 58AA or any relevant provision of Companies Act, 1956 and rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost accounting records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed records have been made & maintained. We are, however, not required to carry out a detailed examination of the same.
9. (a) In our opinion and according to the information and explanations given to us and according to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other material statutory dues, wherever applicable, have been regularly deposited with the appropriate authorities during the year and there are no such undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2013.
- (b) According to the records of the Company examined by us and the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute, other than the following:-

Name of the statute	Nature of dues	Amount due (₹ in Lakh)	Forum where pending	Period
The Central Excise and Salt Act, 1944	Cenvat Credit	1.46	Commissioner (Appeal) - Surat	2006-2010
The Central Excise and Salt Act, 1944	Service Tax	1.62	CESTAT Ahmadabad	2007-2010
The Gujarat Vat Tax Act, 2003	Interest on Sales Tax Demand	27.74	Joint Commissioner of Commercial Tax Appeals 2 Vadodara	2007-2008
The Gujarat Vat Tax Act, 2003	VAT & CST	132.54	Joint Commissioner of Commercial Tax Appeals 2 Vadodara	2008-2009

10. The Company does not have accumulated losses as at the end of the financial year. There are no cash losses during the financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
15. According to the information and explanations given to us, the Company has given a counter guarantee of ₹ 232.90 lacs in favour of Gujarat Industrial Development Corporation (GIDC) in relation to the corporate guarantee provided by GIDC for availment of term loans by Bharuch Eco-Aqua Infrastructure Limited, the terms and conditions whereof are not, prima facie, prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, there is no term loan taken by the Company during the year.
17. According to the information and explanations given to us and as per the books and records examined by us, on an overall examination of the Balance Sheet of the Company, the funds raised by the Company on short-term basis have not been applied for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us and on the basis of the records examined by us, the Company has not issued any debentures.
20. The Company has not raised any money by way of public issue during the years.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

For S.S.KOTHARI MEHTA & COMPANY
Chartered Accountants
Firm Registration No. 000756N

Dated: May 28, 2013
Place: New Delhi

Kamal Kishore
Partner
Membership No. 078017

BALANCE SHEET as at 31st March, 2013

(₹ in Lac)

Particulars	Note no.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share Capital	2	9,462.63	10,853.25
b) Reserves and Surplus	3	16,481.34	14,228.03
		<u>25,943.97</u>	<u>25,081.28</u>
2. Non-current liabilities			
a) Long-term borrowings	4	-	-
b) Deferred tax liabilities (net)		1,843.04	2,018.67
c) Other long term liabilities		4.76	3.70
d) Long-term provisions		114.03	77.25
		<u>1,961.83</u>	<u>2,099.62</u>
3. Current liabilities			
a) Short-term borrowings	5	435.34	813.83
b) Trade payables		2,851.14	1,891.16
c) Other current liabilities		389.58	382.08
d) Short-term provisions		297.97	363.25
		<u>3,974.03</u>	<u>3,450.32</u>
	TOTAL	<u>31,879.83</u>	<u>30,631.22</u>
II. ASSETS			
1. Non-current assets			
a) Fixed assets	6		
i) Tangible assets		8,572.15	9,590.74
ii) Intangible assets		-	-
iii) Capital work-in-progress		2.80	30.33
		<u>8,574.95</u>	<u>9,621.07</u>
b) Non-current investments		675.78	7,266.12
c) Long-term loans and advances		45.39	46.59
d) Other non-current assets		0.23	0.20
		<u>9,296.35</u>	<u>16,933.98</u>
2. Current assets			
a) Current investments	7	12,811.49	1,608.09
b) Inventories		6,621.15	5,734.79
c) Trade receivables		192.77	813.04
d) Cash and cash equivalents		1,209.08	534.16
e) Short-term loans and advances		537.62	4,348.01
f) Other current assets		1,211.37	659.15
		<u>22,583.48</u>	<u>13,697.24</u>
	TOTAL	<u>31,879.83</u>	<u>30,631.22</u>

See accompanying notes forming part of the financial statements 1 to 16

As per our report of even date
For S.S. Kothari Mehta & Co.,
Chartered Accountants
Firm Registration No.: 000756N

For and on behalf of Board

KAMAL KISHORE
Partner
Membership No.: 078017

RUCHITA VIJ
Company Secretary

B.L.UPPAL
Chief Executive

B.K.CHOUHDARY
Managing Director

S.P.OSWAL
Chairman

Place : New Delhi
Dated: May 28, 2013

Place : Gurgaon
Dated : May 28, 2013

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2013

(₹ in Lac)

Particulars	Note no.	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
i Revenue from operations (gross)	8	47,369.65	42,122.05
Less: Excise duty		3,720.24	3,107.96
Revenue from operations (net)		43,649.41	39,014.09
ii Other income	9	809.36	1,309.38
iii Total Revenue (i + ii)		44,458.77	40,323.47
iv Expenses :			
Cost of materials consumed	10	20,529.33	22,004.43
Purchases of Stock-in-Trade	11	13,174.74	8,635.98
Changes in inventories of Finished goods, Work-in-Progress and Stock-in-Trade	12	(266.41)	59.72
Employee benefits expenses	13	874.77	763.51
Finance Costs	14	88.38	43.71
Depreciation and amortization		1,128.93	1,124.18
Other expenses	15	5,134.08	4,163.19
Total Expenses		40,663.82	36,794.72
v Profit before exceptional and extraordinary items and tax		3,794.95	3,528.75
vi Less : Exceptional items		-	-
vii Profit before extraordinary items and tax		3,794.95	3,528.75
viii Less : Extraordinary items		-	-
ix Profit before tax		3,794.95	3,528.75
x Less: Tax expense :			
- Current Tax		1,530.00	1,325.00
- Deferred tax		(175.62)	(252.69)
- Income tax adjustment for earlier years		0.25	2.94
xi Profit for the period after tax		2,440.32	2,453.50
Less : Prior Period Adjustments (Net)		(0.07)	4.56
Net Profit/(Loss)		2,440.39	2,448.94
Earning Per Share			
(Nominal value of equity share ₹ 10/-)			
- Basic		2.38	2.26
- Diluted		2.38	2.26

See accompanying notes forming part of the financial statements 1 to 16

As per our report of even date
For S.S. Kothari Mehta & Co.,
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Place : New Delhi
Dated: May 28, 2013

Place : Gurgaon
Dated : May 28, 2013

**CASH FLOW STATEMENT for the year ended 31st March, 2013**

(₹ in Lac)

Particulars	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	3,795.02	3,524.19
Adjustments for :		
Depreciation and Amortization	1,128.93	1,124.18
Interest paid	26.88	22.82
Interest received	(708.72)	(784.39)
(Profit)/Loss on sale of investment (net)	19.76	(279.14)
Dividend on long term investments	(19.32)	(81.95)
(Profit)/Loss on sale of assets (net)	3.51	-
Bad debts written off / Excess Income Written off / Written off Dead items.	4.33	28.74
Liabilities / Provisions no longer required written back	(6.27)	(110.67)
Operating Profit before Working Capital changes	4,244.12	3,443.78
Adjustments for :		
Decrease/(Increase) in trade & other receivables	(401.02)	1073.60
Decrease/(Increase) in Inventories	(886.36)	(1,198.87)
(Decrease)/Increase in sundry creditors/current liabilities	1,011.58	573.44
Cash generation from operations	3,968.32	3,891.95
Direct Taxes Paid	(1,595.53)	(1,138.40)
NET CASH FLOW FROM OPERATING ACTIVITIES	2,372.79	2753.55
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(92.91)	(176.57)
Sale of fixed assets	6.56	11.36
Decrease/(Increase) in Inter Corporate Deposits	4,267.61	(474.91)
Interest received	717.43	1,191.94
Dividend received	19.32	81.95
Sale of Investments in Mutual Funds/Liquid Funds/Debt Funds	480.24	3579.40
Purchase of Investments in Mutual Funds/Liquid Funds/Debt Funds	(5,113.05)	(7,430.98)
NET CASH FLOW FROM INVESTING ACTIVITIES	285.20	(3217.81)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Buy back of share capital	(1,577.70)	-
Proceeds/(Repayment) from short - term borrowings	(378.49)	589.97
Interest paid	(26.88)	(22.82)
NET CASH FLOW FROM FINANCING ACTIVITIES	(1,983.07)	567.15
NET INCREASE IN CASH AND CASH EQUIVALENTS	674.92	102.88
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	534.16	431.28
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR*	1,209.08	534.16

* Excluding ₹ 0.23 lacs (previous year ₹ 0.20 lacs) included in other non-current assets

See accompanying notes forming part of the financial statements 1 to 16

As per our report of even date
For S.S. Kothari Mehta & Co.,
Chartered Accountants
Firm Registration No.: 000756N

For and on behalf of Board

KAMAL KISHORE
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Managing Director

S.P.OSWAL
Chairman

Place : New Delhi
Dated: May 28, 2013

Place : Gurgaon
Dated : May 28, 2013

NOTE NO. 1 SIGNIFICANT ACCOUNTING POLICIES:**1.1) Basis of preparation of financial Statements:**

These financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). The financial statements have been prepared under the historical cost convention on an accrual basis. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

The Company has prepared its financial statements in accordance with Schedule VI as inserted by Notification - S.O. 447(E), dated 28.02.2011 (As amended by Notification No - F.No. 2/6/2008-CL-V, Dated 30.03.2011).

1.2) Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialise.

1.3) Revenue Recognition:**i) Sales:**

Sales comprise of sale of goods, services and export incentives. Revenue from sale of goods is recognized:

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

ii) Investment:

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment.

iii) Interest:

Interest income is recognized on a time proportion method, based on interest rate implicit in the transaction.

iv) Dividend:

Dividend income is recognized when the Company's right to receive the dividend is established.

v) Benefit under Duty Entitlement Pass Book Scheme / Duty Drawback Scheme

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

vi) Insurance and Other Claims

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

1.4) Employee Benefits:**a) Short Term Employee Benefit:**

Short Term Employee benefits are recognized as an expense on an undiscounted basis in the Profit & Loss Account of the year in which the related service is rendered.

b) Post Employment Benefits:**i) Defined Contribution Plans:****1.1) Superannuation**

The liability in respect of employees covered under the scheme is provided as per the Company's policy on an accrual basis.

1.2) Provident Fund

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

ii) Defined Benefit Plans**1.1) Gratuity**

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

1.2) Leave with Wages:

Provision for leave with wages is made on the basis of actuarial valuation as at the year - end.

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

1.5) Fixed Assets, intangible assets and capital work in progress:

Fixed assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not ready for their intended use at the reporting date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment.

1.6) Depreciation and Amortization:

- (i) Depreciation on fixed assets is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except in case of computers in respect of which depreciation has been provided @ 25% on straight line basis.
- (ii) Depreciation on fixed assets costing ₹ 5,000/- or below are depreciated over a period of one year from the date of acquisition.
- (iii) Leasehold land is amortised over the period of lease.
- (iv) Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the company for its use.

1.7) Investments:

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on Management's intention at the time of purchase. Current investments are carried at lower of cost and fair value of each investment individually. Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

As at Balance sheet date the investments that are intended to be held for not more than one year are re-classified as current investments in order to comply with the requirements of Revised Schedule-VI.

1.8) Inventories:

Inventories of raw materials, stores and spares, trading goods, work-in-process and finished goods are valued at cost or net realisable value, whichever is lower. However, materials and other items held for use in the production of Inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The cost in respect of the aforesaid items of inventory is computed as under:

- In case of raw materials, at weighted average cost plus direct expenses.
- In case of stores & spares, at weighted average cost plus direct expenses.
- In case of work-in-process, at raw material cost plus conversion cost depending upon the stage of completion.
- In case of finished goods, at raw material cost plus conversion cost, packing cost, excise duty and other overheads incurred to bring the goods to their present condition and location.

1.9) Cenvat Credit:

Cenvat credit of excise duty paid on inputs, capital assets and input services is recognised in accordance with the Cenvat Credit Rules, 2004.

1.10) Expenditure incurred during construction period:

In respect of new/major expansion of units, the indirect expenditure incurred during construction period upto the date of the commencement of commercial production, which is attributable to the construction of the project, is capitalized on various categories of fixed assets on proportionate basis.

1.11) Subsidy:

Government grants available to the company are recognised when there is a reasonable assurance of compliance with the conditions attached to such grants and where benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy in the nature of promoter's contribution is credited to capital reserve. Government subsidy received for a specific asset is reduced from the cost of the said asset.

1.12) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.13) Segment Information:

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole.

1.14) Operating Leases:

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals paid for such leases are recognised as an expense on systematic basis over the term of lease.

1.15) Foreign Currency Conversion / Translation:

- i) Foreign currency transactions are recorded on initial recognition at the rate prevailing on the date of transaction. Where export bills are negotiated with the bank, the export sales are recorded at the rate on the date of negotiation as the said rate approximates the actual rate at the date of the transaction.
- ii) Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognized as income or expense in the period in which they arise.
- iii) The premium or discount arising at the inception of forward exchange contract is amortised as an expense or income over the life of the contract.
- iv) Exchange differences on the aforesaid forward exchange contract are recognised in the statement of profit & loss in the reporting period in which the exchange rates change. Profit or loss arising on cancellation or renewal of such contracts is recognised as income or as expense in the period in which such profit or loss arises.
- v) The exchange difference to the extent of loss, arising on forward contracts to hedge the transactions in the nature of firm commitments and/or highly probable forecast transactions is recognised in the statement of Profit and Loss. The profit, if any arising thereon is ignored.

1.16) Accounting for Taxes on Income:

The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current Tax is the aggregate amount of income-tax determined to be payable in respect of taxable income for a period. Deferred tax is the tax effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.17) Earning per Share:

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

1.18) Impairment of Assets:

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount, is provided in the books of account.

1.19) Provision and Contingent Liabilities:

- i) Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when:
 - a) the company has a present obligation as a result of a past event;
 - b) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
 - c) the amount of the obligation can be reliably estimated.
- ii) Contingent liability is disclosed in case there is:
 - a) possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
 - b) a present obligation arising from past events but is not recognised
 1. when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 2. a reliable estimate of the amount of the obligation cannot be made.

1.20) Cash and cash equivalents:

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

1.21) Cash flow Statement:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

Amounts in the financial statements are presented in ₹ Lac, except for per share data and as otherwise stated. The previous period figures have been regrouped / reclassified, wherever necessary to confirm to the current period presentation.

	As at 31.03.2013	As at 31.03.2012
NOTE 2. - SHARE CAPITAL		
Authorised		
Equity Shares, ₹10/- par value 150,000,000 (Previous Year 150,000,000)	15,000.00	15,000.00
	<u>15,000.00</u>	<u>15,000.00</u>
Issued, Subscribed and Paid-up		
Equity Shares, ₹10/- par value 94,626,348 (Previous Year 108,532,508) equity shares fully paid up	9,462.63	10,853.25
Total issued, subscribed and fully paid-up share capital	<u>9,462.63</u>	<u>10,853.25</u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2013		As at 31.03.2012	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the reporting period	108,532,508	10,853.25	108,532,508	10,853.25
Add: Issued during the reporting period	-	-	-	-
Less: Bought back during the reporting period	13,906,160	1,390.62	-	-
Outstanding at the end of reporting period	94,626,348	9,462.63	108,532,508	10,853.25

(b) Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

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

(c) Shares held by holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

	As at 31.03.2013	As at 31.03.2012
Vardhman Textiles Limited, the holding Company 63,753,661 (63,753,661) Equity Shares of ₹10/- each fully paid	6,375.37	6,375.37

(d) Details of shareholders holding more than 5% shares in the company

Names of Shareholders	As at 31.03.2013		As at 31.03.2012	
	No. of shareholders	% of shareholding	No. of shareholders	% of Shareholding
Vardhman Textiles Ltd.	63,753,661	67.37	63,753,661	58.74

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

- (e) The Board of Directors of the Company approved the buyback of upto 2 crore fully paid up equity shares of ₹ 10/- each, at a price not exceeding ₹ 12.50/- payable in cash, upto an aggregate amount not exceeding ₹ 25 crore from the open market through Stock Exchange(s). During the year, the Company has bought back and extinguished 13,906,160 Equity Shares of ₹ 10/- each. Further, 530,416 equity shares bought back during the period ended 31st March, 2013 have been extinguished subsequently on 4th April, 2013 & 117,565 shares have been extinguished subsequently on 14th April, 2013. Accordingly, ₹ 1,390.62 Lacs have been transferred to Capital Redemption Reserve as per requirements of section 77AA of Companies Act, 1956.

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

	As at 31.03.2013	As at 31.03.2012
NOTE 3 - RESERVES AND SURPLUS		
Capital redemption reserve		
Balance as per the last financial statements	-	-
Add: amount transferred from surplus balance in the statement of profit and loss (refer note-2 (e))	<u>1,390.62</u>	-
Closing Balance	1,390.62	-
General Reserve	1,006.15	1,006.15
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	13,221.88	10,772.94
Less: Premium on buy back of shares	187.08	-
Less: Transfer to capital redemption reserve (refer note-2 (e))	1,390.62	-
Add : Profit for the period	<u>2,440.39</u>	<u>2,448.94</u>
Net surplus in the statement of profit and loss	14,084.57	13,221.88
Total reserves and surplus	16,481.34	14,228.03
NOTE 4 - NON-CURRENT LIABILITIES		
a) Long-term borrowings :	-	-
b) Deferred tax liabilities (net) (Refer Note no. 16.G)	1,843.04	2,018.67
c) Other long term liabilities :		
- Other liabilities	4.76	3.70
d) Long-term provisions :		
Provision for employee benefits		
- Provision for leave benefits	25.20	16.63
- Provision for gratuity	88.83	60.62
	<u>114.03</u>	<u>77.25</u>
NOTE 5 - CURRENT LIABILITIES		
a) Short-term borrowings :		
Secured :		
Cash credit from banks (secured)*	435.34	813.83
	<u>435.34</u>	<u>813.83</u>
*Cash credit from banks is secured by hypothecation of entire present and future tangible current assets and second charge on all immovable assets.		
b) Trade payables :		
i) Trade payables (including acceptances)		
- Dues to Micro, Small and Medium Enterprises. (Refer Note no- 16.I)	41.14	33.03
- Others	2,810.00	1,858.13
	<u>2,851.14</u>	<u>1,891.16</u>
c) Other current liabilities :		
- Trade deposits and advances	35.71	33.01
- Salaries and benefits	54.42	52.86
- Provision for expenses	168.75	229.19
- Withholding and other taxes payable	130.70	67.02
	<u>389.58</u>	<u>382.08</u>
d) Short-term provisions :		
Provision for taxation (Net of advance taxes ₹ 6,414.37 Lacs, Previous year ₹ 4,819.09 Lacs)	297.97	363.25
	<u>297.97</u>	<u>363.25</u>

Notes to financial statements for the year ended 31st March 2013.
NOTE 6 - NON-CURRENT ASSETS

(a) - FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
		As at 01.04.2012	Additions	Sales/ Adjustments	As at 31.03.2013	As at 01.04.2012	Adjustments	Depreciation for the year	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets:											
1	Land - Leasehold	1,458.88	-	-	1,458.88	189.45	-	14.97*	204.42	1,254.46	1,269.43
2	Buildings	2,439.07	21.47	-	2,460.54	875.64	-	67.94	943.58	1,516.96	1,563.43
3	Plant & Machinery	19,755.23	49.82	-	19,805.05	13,051.42	-	1,035.60	14,087.02	5,718.03	6,703.81
4	Furniture & Fixtures	59.57	1.58	-	61.15	50.07	-	2.12	52.19	8.96	9.50
5	Vehicles	44.39	41.04	(26.34)	59.09	20.91	(16.23)	4.57	9.25	49.84	23.48
6	Office Equipment	105.04	6.54	-	111.58	83.95	-	3.73	87.68	23.90	21.09
	Intangible Assets:	-	-	-	-	-	-	-	-	-	-
	Total	23,862.18	120.45	(26.34)	23,956.29	14,271.44	(16.23)	1,128.93	15,384.14	8,572.15	9,590.74
	Previous Year	23,728.90	146.24	(12.96)	23,862.18	13,148.85	(1.59)	1,124.18	14,271.44	9,590.74	10,580.05
	Capital Work-in-Progress									2.80	30.33

NOTE: * Represents proportionate premium for acquisition of leasehold land being amortised over the period of lease.

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

	As at 31.03.2013	As at 31.03.2012
b) Non-current investments		
(valued at cost unless stated otherwise):		
1) Trade :	-	-
2) Non trade		
<u>Equity Shares</u>		
(Unquoted)		
1,647,525 (Previous Year 1,647,525) Equity Shares of Bharuch Eco-Aqua Infrastructure Ltd. of ₹ 10/- each fully paid up.	164.75	164.75
<u>Mutual Funds; Debt Funds; Fixed Maturity plans</u>		
(Quoted)		
<u>Investment in Mutual Fund</u>		
Nil (Previous Year 2,50,00,000) Units of ₹ 10/- each of Birla Sun Life Fixed Term Plan Series - Growth*	-	2,500.00
Nil (Previous Year 1,50,00,000) Units of ₹ 10/- each of HDFC Fixed Maturity Plan 400 days - Growth Series - XXI *	-	1,500.00
Nil (Previous Year 2,00,00,000) - Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months -13 - (Growth) *	-	2,000.00
Nil (Previous Year 1,10,13,700) Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months -12 - Growth *	-	1,101.37
50,000 (Previous year Nil) units of ₹ 1,000 each of 8.30 % NHAI Tax Free Bonds	511.03	-
	675.78	7,266.12
Aggregate book value of quoted investments	511.03	7,101.37
Market value of quoted investments	553.39	7,156.16
Aggregate book value of unquoted investments	164.75	164.75
* Non current investment having maturity period less than 12 months as on date of balance sheet have been shown under the head current investment as per the requirement of Guidance Note on the Revised Schedule VI to the Companies Act, 1956 issued by "The Institute of Chartered Accountants of India".		
c) Long-term loans and advances :		
(unsecured considered good, unless stated otherwise)		
i) Security deposits	42.68	42.57
ii) Other loans and advances		
- Prepaid Expenses	-	0.06
- Loans and advances to employees	2.71	3.96
	45.39	46.59
d) Other non-current assets :		
- Deposits with original maturity for more than twelve months	0.23	0.20
	0.23	0.20

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

	As at 31.03.2013	As at 31.03.2012
NOTE 7 - CURRENT ASSETS		
a) Current Investments (valued at lower of cost and fair value)		
<u>Bonds / Debentures / Debt Funds/ Monthly Income Plans</u>		
(Quoted)		
<u>Investment in Debentures</u>		
Nil (Previous Year 50,000) 12.15% Secured Redeemable Non-convertible Debentures of ₹ 1,000/- each of Religare Finvest Limited)	-	500.00
<u>Investment in Bonds</u>		
10,875 (Previous Year 10,875) 8% Tax-free Secured Redeemable Non-convertible Bonds of ₹ 1,000/- each of Indian Railway Finance Corporation Ltd (IRFCL)	108.75	108.75
7,360 (Previous Year 7,360) 8.25 % Zero Coupon Bonds of ₹ 13,578 / -each of Rural Electrification Corporation of India Limited .	999.34	999.34
2,50,185 (Previous Year Nil) Units of ₹ 1,000.07 /- each of Principal Cash Management Fund - Direct Plan Dividend option Daily-Reinvestment.	2,502.03	-
<u>Investment in Mutual Funds</u>		
93,02,729.42 (Previous Year Nil) Units of ₹ 16.124/- each of ICICI Prudential Income Opportunities Fund Institutional Growth	1,500.00	-
45,71,776.90 (Previous Year Nil) Units of ₹ 13.124/- each of ICICI Prudential Income Opportunities Fund Institutional Growth	600.00	-
2,50,00,000 (Previous Year Nil) Units of ₹ 10/- each of Birla Sun Life Fixed Term Plan Series - Growth *	2,500.00	-
1,50,00,000 (Previous Year Nil) Units of ₹ 10/- each of HDFC Fixed Maturity Plan 400 days - Growth Series - XXI *	1,500.00	-
2,00,00,000 (Previous Year Nil) - Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months -13 - (Growth) *	2,000.00	-
1,10,13,700 (Previous Year Nil) Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months -12 - Growth *	1,101.37	-
	12,811.49	1,608.09
Aggregate book value of quoted investments	12,811.49	1,608.09
Market value of quoted investments	13,801.37	1,785.15
Aggregate book value of unquoted investments	-	-
* Non current investment having maturity period less than 12 months as on date of balance sheet have been shown under the head current investment as per the requirement of Guidance Note on the Revised Schedule VI to the Companies Act, 1956 issued by "The Institute of Chartered Accountants of India".		
b) Inventories (valued at lower of cost and net realizable value).		
- Raw Materials	3,164.63	4,053.05
- Raw Materials in transit	1,458.87	-
- Finished Goods	985.78	745.97
- Work In Process	251.18	224.58
- Stores and Spares	760.69	711.19
	6,621.15	5,734.79

Vardhman Acrylics Limited

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

	As at 31.03.2013	As at 31.03.2012
c) Trade receivables		
(Unsecured, considered good unless stated otherwise)		
a) Outstanding for a period exceeding six months from the date they are due for payment		
i) Considered Good	12.68	12.77
ii) Considered Doubtful	4.84	4.84
b) Other Receivables : Considered Good	180.09	800.27
	<u>197.61</u>	<u>817.88</u>
Less : Provision for doubtful receivables	4.84	4.84
	<u>192.77</u>	<u>813.04</u>
d) Cash and cash equivalents :		
Balance with banks :		
- In current accounts	1,206.68	532.25
Cash on hand	2.40	1.91
	<u>1,209.08</u>	<u>534.16</u>
e) Short-term loans and advances :		
(Unsecured, considered good)		
i) Loans and advances to related parties :		
- Inter Company Deposits to fellow subsidiary company (Vardhman Special Steels Limited.{VSSL})*	-	3,592.61
- Inter Company Deposits to Holding company (Vardhman Textiles Limited.)	-	175.00
- Inter Company Deposits - Others	-	500.00
ii) Others :		
- For supply of goods and rendering of services	524.97	69.05
- Loans and advances to employees	5.84	5.09
- Prepaid expenses	3.23	4.98
- Security Deposits	3.58	1.28
	<u>537.62</u>	<u>4,348.01</u>
*VSSL was fellow subsidiary upto 7th April 2011.		
f) Other current assets :		
- Interest Accured but not due	24.70	33.40
- Balances and Deposits with Government Authorities & Others	1,186.67	625.75
	<u>1,211.37</u>	<u>659.15</u>

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
NOTE 8 - REVENUE FROM OPERATIONS				
Sale of products				
Finished Goods (Fibre & Tow)		33,883.46		33,302.61
Trading Goods (Fibre)		13,472.05		8,804.23
Other Operating Revenue		14.14		15.21
		<u>47,369.65</u>		<u>42,122.05</u>
Less : Excise duty		3,720.24		3,107.96
		<u>43,649.41</u>		<u>39,014.09</u>
NOTE 9 - OTHER INCOME				
Interest income				
- on inter company deposits and others		630.78		650.41
- on long term investments		77.94		133.98
Dividend on long term investments		19.32		81.95
Net gain on sale of long term investments		-		279.14
Insurance claims received		47.05		38.78
Sundry balances/Liabilities / Provisions no longer required, written back/off (net).		6.27		110.67
Other non operating income		28.00		14.45
		<u>809.36</u>		<u>1,309.38</u>
NOTE 10 - COST OF MATERIALS CONSUMED				
Inventory at the beginning of the year		4,053.05		3,063.66
Add : Purchases		19,640.91		22,993.82
		<u>23,693.96</u>		<u>26,057.48</u>
Less: inventory at the end of the year		3,164.63		4,053.05
Cost of raw material and components consumed		<u>20,529.33</u>		<u>22,004.43</u>
Raw materials consumed (Major Heads)				
Acrylonitrile		18,878.68		20,420.18
Vinyl Acetate Monomer		1,073.36		1,063.09
Others		577.29		521.16
		<u>20,529.33</u>		<u>22,004.43</u>
NOTE 11 - PURCHASES OF STOCK-IN-TRADE				
Acrylic Fibre		13,174.74		8,635.98
		<u>13,174.74</u>		<u>8,635.98</u>
NOTE 12 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Inventories at the beginning of the year				
Work-in-Process		224.58		226.85
Finished Goods		745.97	970.55	803.42
			<u>970.55</u>	<u>1,030.27</u>
Less - Inventories at the end of the year				
Work-in-Process		251.18		224.58
Finished Goods		985.78	1,236.96	745.97
			<u>(266.41)</u>	<u>970.55</u>
				59.72
Stock Particulars of Finished Goods				
Closing Stock:		QTY (MT) 673.99	985.78	QTY (MT) 523.08
				745.97

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
NOTE 13 - EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and other allowances	800.16	699.13
Contribution to Provident and other Funds	44.85	41.96
Staff welfare expense	25.19	17.89
Recruitment expenses	4.57	4.53
	<u>874.77</u>	<u>763.51</u>
NOTE 14 - FINANCE COSTS		
Interest on		
- Working capital & others	26.88	22.82
Bank & Other charges	61.50	20.89
	<u>88.38</u>	<u>43.71</u>
NOTE 15 - OTHER EXPENSES		
Power and fuel	2,247.69	1,891.91
Water charges	203.43	188.03
Consumption of stores and spares	382.88	337.12
Repair and maintenance		
- Machinery Repairs	375.68	308.96
- Building repairs	31.59	30.86
- Other repairs	2.56	1.67
Rent	6.24	6.44
Rates and Taxes	205.92	148.67
Insurance	26.67	26.42
Payment to auditor (Refer details below)	3.12	2.88
Legal and professional	60.60	63.15
Travelling and conveyance	35.15	23.31
Printing and Stationery	10.39	9.33
Postage, telegram and telephones	11.28	14.33
Bad debts written off / Excess Income Written off / Written off Dead items.	4.33	28.74
Exchange rate fluctuation (Net of Gain ₹ 530.97 Lacs, Previous year ₹ 318.28 Lacs)	477.94	415.99
Net Loss on sale of investment		
- on long term investments	19.50	-
- on short term investments	0.26	-
Net Loss on sale of fixed assets	3.51	-
Increase / (decrease) of excise duty on inventory	28.74	24.64
Charity and donation	50.50	50.59
Allocation of common corporate expenses	73.50	-
Miscellaneous Expenses	49.29	45.22
Selling expenses and freight and forwarding charges	823.31	544.93
	<u>5,134.08</u>	<u>4,163.19</u>
Payment to auditor		
As auditor:		
- Audit Fee	1.57	1.36
- Tax Audit Fee	0.28	0.24
In other capacity		
- Other services	0.77	0.78
Reimbursement of expenses	0.50	0.50
	<u>3.12</u>	<u>2.88</u>

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

16. NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013.

	As at 31.03.2013	As at 31.03.2012
A. Contingent Liabilities not provided for:		
a) Letters of Credit Outstanding	5,593.91	5,138.19
b) Bank Guarantees	277.36	268.77
c) Service Tax, Excise duty and cenvat credit under dispute against which appeals have been filed / are being filed.	47.68	60.71
d) Demand in respect of sales tax/ purchase tax pending appeal with Appellate Authorities	203.55	71.02
e) Capital and other commitments		
i) For commitments relating to lease arrangements, please refer note no - 16.E	-	-
ii) Corporate guarantees/undertaking issued on behalf of third parties.	232.90	232.90
iii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	-	10.27

B. Employee Benefits:

The summarized position of Post-employment benefits and long term employee benefits recognized in the Statement of Profit & Loss and Balance Sheet as required in accordance with Accounting Standard - 15 are as under: -

(a) Changes in the present value of the obligations

Particulars	Leave (Unfunded)		Gratuity (Unfunded)	
	Current year	Previous Year	Current year	Previous Year
Present value of obligation as at beginning of the year	16.63	19.92	60.62	65.39
Interest cost	1.24	1.64	4.90	5.23
Past Service cost	-	-	-	-
Current service cost	8.28	9.64	12.44	9.46
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(2.90)	(2.41)	(1.66)	(11.20)
Actuarial (gain)/ loss on Obligations	1.94	(12.16)	12.52	(8.26)
Present value of obligation as at end of the year	25.20	16.63	88.82	60.62

(b) The Liability in respect of leave encashment and gratuity is un-funded; therefore no disclosure of change in fair Value of Plan Assets has been made.

(c) Amount Recognized in Balance Sheet

Particulars	Leave (Unfunded)		Gratuity (Unfunded)	
	Current year	Previous Year	Current year	Previous Year
Estimated Present value of obligations as at the end of the year	25.20	16.63	88.82	60.62
Fair value of Plan Assets as at the end of the year	-	-	-	-
Unfunded Net Liability recognized in Balance Sheet	25.20	16.63	88.82	60.62

(d) Expenses Recognized in Statement of Profit & Loss

Particulars	Leave (Unfunded)		Gratuity (Unfunded)	
	Current year	Previous Year	Current year	Previous Year
Current service cost	8.28	9.64	12.44	9.46
Past Service cost	-	-	-	-
Interest cost	1.24	1.64	4.90	5.23
Expected return on Plan Assets	-	-	-	-
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	1.94	(12.16)	12.52	(8.26)
Total Expense recognised in Profit & Loss Account	11.46	(0.88)	29.86	6.43

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

(e) Investment details of Fund: Not Applicable

(f) Principal actuarial assumptions at the Balance Sheet Date (expressed as weighted average)

Particulars	Leave (Unfunded)		Gratuity (Unfunded)	
	Current year	Previous Year	Current year	Previous Year
Discount Rate (per annum)	8.20%	8.75%	8.20%	8.75%
Rate of increase in compensation levels (per annum)	6.50%	7.00%	6.00%	6.00%
Rate of return on plan assets (per annum)	N.A.	N.A.	N.A.	N.A.
Expected Average remaining working lives of employees (years)	25.85	26.41	25.85	26.38
Method Used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employee market.

(g) Other Short term employee's benefits (Un-Funded)

Particulars	Leave		Leave Travel Encashment		Ex-Gratia	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Liability as at beginning of the year	6.44	5.77	5.47	5.58	6.11	3.50
Liability as at the end of the year	7.69	6.44	6.08	5.47	5.32	6.11
Benefits paid	-	-	(4.06)	(4.10)	(6.11)	(3.70)
Amount debited to P&L Account	1.25	0.67	4.67	3.99	5.32	6.31

(h) During the year, the company has recognized an expense of ₹ 40.39 Lac (Previous Year ₹ 37.61 Lac) in respect of Contribution to Provident Fund and ₹ 4.46 Lac (Previous Year ₹ 4.35 Lac) in respect of Contribution to Superannuation Scheme.

C. The Company operates in only one business segment viz. "Acrylic Fibre & Tow", which is the reportable segment in accordance with the requirements of Accounting Standard (AS) - 17 on "Segment Reporting", issued by Companies (Accounting Standards) Rules 2006.

D. Related Party Disclosure:

a) Disclosure of Related parties and relationship between parties:-

I	Key Management Personnel	: Mr. B. K. Choudhary (Managing Director)
II	Holding Company	: Vardhman Textiles Limited
III	Fellow Subsidiary Companies	VMT Spinning Company Limited, VTL Investments Limited, Vardhman Yarns & Threads Limited, Vardhman Nisshinbo Garments Company Limited (Formerly known as Vardhman Texgarments Limited) Vardhman Special Steels Limited (upto 7th April 2011)

b) Details of transactions entered into with related parties during the year as required by Accounting Standard (AS) - 18 on "Related Party Disclosures" issued by Companies (Accounting Standards) Rules, 2006 are as follows:

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

Sr. No.	Particulars	Holding Company		Fellow Subsidiary Companies *		Key Management Personnel (KMP)		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Sale of goods (Net of discount)	25,959.87	23,095.35	-	-	-	-	25,959.87	23,095.35
2	Sale of DEPB Licenses	-	-	-	3.92	-	-	-	3.92
3	Purchase of DEPB Licenses	1,287.63	1,693.33	-	5.49	-	-	1,287.63	1,698.82
4	Purchase of goods	5.63	177.02	-	-	-	-	5.63	177.02
5	Reimbursement of Common Corporate Expense (Including Ser. Tax)	82.58	-	-	-	-	-	82.58	-
6	Interest paid on ICDs and current account balances	-	-	-	-	-	-	-	-
7	Interest Received from ICDs and current account balances	333.27	128.34	-	5.68	-	-	333.27	134.02
8	Managerial remuneration	-	-	-	-	26.49 ***	26.53	26.49	26.53
9	Loan taken (including opening balance)	14,334.00	11,324.95	-	-	-	-	14,334.00	11,324.95
10	Loan repaid	14,334.00	11,324.95	-	-	-	-	14,334.00	11,324.95
11	Closing balance of loans received	-	-	-	-	-	-	-	-
12	Loan given (including opening balance)	53,463.00	51,064.30	-	3,202.00**	-	-	53,463.00	54,266.30
13	Loan repaid	53,463.00	50,889.30	-	-	-	-	53,463.00	50,889.30
14	Closing balance of loans given	-	175.00	-	3,202.00	-	-	-	3,377.00

* No transaction has taken place with fellow subsidiary companies during the year.

** Vardhman Special Steels Limited cease to be the fellow subsidiary with effect from 8th April 2011 and loan repaid during the year 2011-12.

*** As the liabilities for gratuity, leave encashment and sick leave are provided on an actuarial basis for the Company as a whole, the amount pertaining there to are not included in above.

E. Operating lease: company as lessee

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, godown etc.). These leasing arrangements, which are non-cancellable, range between 11 months to 9 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Note-15.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	As at 31st March 2013	As at 31st March 2012
Within one year	6.24	6.44
Total	6.24	6.44

F. Earning Per Share

The calculation of Earning Per Share (EPS) as disclosed in the Statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 on "Earning Per Share" issued by Companies (Accounting Standards) Rules, 2006.

A statement on calculation of Basic / diluted EPS is as under:

Particulars	Current Year	Previous Year
Profit after tax and adjustments	2,440.39	2,448.94
Total (A)	2,440.39	2,448.94
Weighted average number of equity shares (No. in lac)	1,025.52	1,085.33
Total (B)	1,025.52	1,085.33
Earning per share ₹ : Basic / Diluted (A/B)	2.38	2.26

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

G. a) Deferred Tax Liability (Net) as on 31st March, 2013 is as follows:

Particulars	Current Year	Previous Year
Difference between book and tax depreciation	1,874.01	2,060.53
Less: Deferred Tax Assets arising on account of timing difference		
- Disallowed under section 43B of the Income Tax Act 1961	29.40	40.29
- Provision for doubtful debts	1.57	1.57
Net Deferred Tax Liability	1,843.04	2,018.67

b) Any change in the amount of deferred tax liability on account of change in the enacted tax rates and change in the quantum of depreciation allowable under the tax laws, is disclosed in the statement of profit and loss account as 'Deferred tax adjustment'.

H. In accordance with the Accounting Standard (AS)-28 on Impairment of Assets, the Company has assessed as on the balance sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the Standard) with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

I. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

J Disclosure required by Clause 32 of Listing Agreement:

(a) The Company has given inter corporate deposits aggregating to ₹ 53,288.00 lacs (Previous Year ₹ 50,473.60 lacs) to M/s Vardhman Textiles Ltd. during the year. The maximum amount outstanding during the year was ₹ 4,241.00 lacs (Previous Year ₹ 5,627.95 Lacs). The Balance outstanding as on 31.03.13 was ₹ Nil (Previous Year ₹ 175.00 lacs).

(b) The Company has given inter corporate deposits aggregating to ₹ Nil (Previous year ₹ Nil) to M/s Vardhman Special Steels Ltd, (cease to be fellow subsidiary with effect from 8th April 2011). The maximum amount outstanding during the year was ₹ Nil (Previous Year ₹ 3,202.00 lacs.).

K. Excise Duty amounting to ₹ 3,720.24 Lacs (Previous Year ₹ 3,107.96 Lacs) has been reduced from gross turnover as the same is included in the figure of gross turnover. Further the difference of excise duty between the closing stock and opening stock has been disclosed separately in the statement of profit and loss.

L. In the opinion of the Board, current assets, loans and advances have a value in the ordinary course of business at least equal to that stated in the Balance Sheet.

M. Project and Pre-operative Expenses (included in Capital Work-in-Progress)

Expense	As at 31.03.13	As at 31.03.12
Loan processing charges	-	30.20
Miscellaneous Exps	-	0.13
Total	-	30.33

Company has abandoned the Project and ₹ 30.33 Lacs has been accounted for in the statement of Profit & Loss in respective accounts during the year.

Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

- N. The company uses forward contracts to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities, firm commitment and highly probable forecast transactions. The use of the aforesaid financial instruments is governed by the company's overall strategy. The company does not use forward contracts and options for speculative purposes. The details of the outstanding forward contracts is as under:

Particulars	Current Year		Previous Year	
	No. of Contracts	Amount in Foreign Currency (Lac)	No. of Contracts	Amount in Foreign Currency (Lac)
a) Category wise quantitative data				
Forward contracts against imports (USD)	18	103.39	19	113.53

- O. Additional information pursuant to the Paragraph V of Part II of Revised Schedule VI to the Companies Act 1956.

	Current Year	Previous Year
(1) CIF Value of Imports		
Raw Materials	18,869.10	12,967.92
Stores & Spares	68.00	70.13
Acrylic Fibre	10,778.64	7,317.46
	29,715.74	20,355.51
(2) Expenditure in Foreign Currency		
Travelling	0.58	0.26
Subscription	6.31	5.21
Professional Charges	29.81	46.70
	36.70	52.17

- (3) Value of raw materials, components and spare parts consumed

	Current Year		Previous Year	
	Amount	%	Amount	%
I Raw Materials:				
Imported	19,269.37	93.86	13,129.38	59.67
Indigenous	1,259.96	6.14	8875.05	40.33
	20,529.33	100.00	22,004.43	100.00
II Components and Spare Parts:				
Imported	47.10	12.30	71.78	21.29
Indigenous	335.78	87.70	265.34	78.71
	382.88	100.00	337.12	100.00

As per our report of even date
For S.S. Kothari Mehta & Co.,
Chartered Accountants
Firm Registration No.: 000756N

For and on behalf of Board

KAMAL KISHORE
Partner
Membership No.: 078017

RUCHITA VIJ
Company Secretary

B.L.UPPAL
Chief Executive

B.K.CHOUDHARY
Managing Director

S.P.OSWAL
Chairman

Place : New Delhi
Dated: May 28, 2013

Place : Gurgaon
Dated : May 28, 2013

VARDHMAN ACRYLICS LIMITED

Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana - 141 010



PROXY FORM

I/We.....
of.....
in the Districtbeing a Member/Members
of Vardhman Acrylics Limited hereby appoint.....
of.....in the
District of.....failing him/her
.....of.....
.....in the district of.....
as my/our proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held at Registered
Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 10.00 AM, on Saturday, the 31st August,
2013 and at any adjournment thereof.

Signed this.....day of.....2013.



Signature.....

Address.....

Folio No./ Client-Id No.....

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself.
2. The Proxy Form duly signed across Revenue Stamp should reach the Company's Registered Office at least 48 hours before the time of meeting.

VARDHMAN ACRYLICS LIMITED

Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana - 141 010



ATTENDANCE SLIP

I hereby record my presence at the 23rd Annual General Meeting of the above named Company being held at Registered Office of
the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 10.00 AM, on Saturday, the 31st August, 2013.

Full Name of the Member
(in BLOCK LETTERS)

Signature

Folio No./ Client-Id No.....

No. of Shares held.....

Full Name of the Proxy
(In BLOCK LETTERS)

Signature

NOTE: Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

(TEAR HERE)

