

**25TH  
ANNUAL REPORT  
2011-12**



**INDIAN ACRYLICS LIMITED**

## BOARD OF DIRECTORS

Sh. Samir Kumar, I.A.S.	Chairman
Sh. R. K. Garg	Managing Director
Sh. Dheeraj Garg	Additional Managing Director
Shri A.S. Chatha, I.A.S. (Retd),	Director
Rear Adm. M.M. Chopra (Retd.)	Director
Sh. A.K. Mahajan	Nominee PSIDC
Mrs. Kalpana Gupta	Nominee PNB
Prof. (Dr.) B.B. Tandon	Director
Sh. H.K. Singhal	Financial Advisor

## COMPANY SECRETARY

Sh. Bhavnesh K. Gupta

## BANKERS

Punjab National Bank  
State Bank of India  
State Bank of Patiala  
Indian Overseas Bank

## AUDITORS

S.C. Dewan & Co.  
Chartered Accountants,  
SCO No. 90, 1st Floor  
Swastik Vihar, Panchkula.

## REGD. OFFICE & WORKS

Village Harkishanpura  
Distt. Sangrur (Punjab) - 148 026  
(on Patiala-Sangrur Highway)

## CORPORATE OFFICE

SCO 49-50, Sector 26  
Madhya Marg,  
Chandigarh - 160 019  
INDIA

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# INDIAN ACRYLICS LIMITED

## NOTICE:

Notice is hereby given that the Twenty Fifth Annual General Meeting will be held as scheduled below:

**DAY AND DATE** : **FRIDAY, THE 28TH SEPTEMBER, 2012**  
**TIME** : **11.30 A.M.**  
**VENUE** : **COMPANY'S WORKS AT:  
VILLAGE HARKISHANPURA, DISTT.  
SANGRUR (PB) – 148 026 (ON PATIALA-SANGRUR  
HIGHWAY).**

To transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2012, and the Balance Sheet as at that date together with the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Rear Adml. M M Chopra (Retd.), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri A S Chatha, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s S. C. Dewan & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

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

“RESOLVED THAT in accordance with the provisions contained in section 198, 269, 301, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and the schedules thereto, subject to such approvals, permissions, if any, as may be necessary, the members of the Company do hereby approve the appointment of Shri H. K. Singhal as a Financial Advisor of the Company on part time basis w.e.f. 01.02.2012 for a period of 3 years on the following terms and conditions:

Basic Salary : Rs.80,000/- per month  
House Rent Allowance : 35% of Basic Salary. In case the accommodation is hired by the Company, rent will not exceed 35% of the salary over and above 15% payable by the Financial Advisor

- Contribution to the provident Fund @ 12% of the basic salary;
- Chauffer Driven Car and Telephone at the residence for official use (the private use of Car and telephone shall be billed by the Company to the appointee).
- Re-imbusement of Medical Bills up to 5% (five percent) of the basic salary in a year, cumulative upto three years.
- Gratuity not exceeding half months salary for each completed year of service, subject to the maximum as prescribed under the Gratuity Act.
- Earned leave and its encashment as per Company rules.

FURTHER RESOLVED THAT in the event of losses or inadequate profits in any financial year during the term of office of Shri H K Singhal as Financial Advisor, the aforesaid remuneration/ perquisites be paid to the appointee as minimum remuneration subject to the ceiling laid down in Schedule XIII of the companies Act, 1956, as amended from time to time.

RESOLVED FURTHER THAT the above remuneration payable to the Financial Advisor shall be subject to such conditions or modifications as may be required or imposed by the Central Government or any other authority with the liberty to the Board of Director to alter and vary the terms and conditions of his appointment within the maximum permissible limits in accordance with Schedule XIII of the Companies Act, 1956 or any amendments thereof as may be made from time to time. ”

By order of the Board of Directors  
FOR INDIAN ACRYLICS LTD.

PLACE: Harkishanpura,  
(Distt. Sangrur)  
DATED: 20th August, 2012

BHAVNESH K GUPTA  
COMPANY SECRETARY

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. However, the proxy form duly completed and signed should be deposited at the Registered Office of the Company or at the Administrative Office at SCO 49-50, sector 26, Chandigarh, NOT LATER THAN 48 HOURS before the time fixed for the commencement of the meeting.**
2. Shareholders are requested to notify changes, if any, in the address, along with PIN CODE NUMBER and make all correspondence relating to shares at Registered Office/ Administrative Office of the Company.
3. Register of Members and Share Transfer Books of the Company will remain closed from 17/09/2012 to 27/09/2012 (both days inclusive).
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 10.00 a.m. to 12.00 noon on any working day prior to the date of meeting.
5. Members/Proxies are requested to bring attendance slip sent herewith duly filled in for attending the meeting.
6. Members having any queries relating to the Annual Report are requested to send their queries to the Registered Office/ Administrative Office of the Company at least seven days before the date of Annual General Meeting.

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

**ITEM NO.5**

Shri H K Singhal is associated with the Company for more than two decade and has held various Managerial and Advisory positions in the Company. His valuable guidance and experience has contributed immensely to the growth of the Company. Accordingly, on his completion of term as Finance Director, it was proposed to avail his services as a Financial Advisor on part time basis for a period of three years on remuneration specified hereinafter within the limits provided under Schedule XIII to the Companies Act 1956.

The Board of Directors of the Company has appointed Mr. H K Singhal as Financial Advisor (FA) of the Company with effect from 01st February, 2012 for a period of 3 years with the recommendation of Remuneration Committee through a resolution duly approved in the Board Meeting held on 13/02/2012. Abstract and Memorandum of Concern or Interest under Section 302 of the Companies Act, 1956 has already been circulated to the members on 16/02/2012.

None of the Directors except Shri H K Singhal himself is interested in the proposed resolution

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**GREEN INITIATIVE IN CORPORATE GOVERNANCE**

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered E- mail addresses of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit. Members who have not registered their email address so far are requested to register their E-mail address, in respect of Electronic holdings with the Depository thro’ their concerned Depository Participant. Members who holdshares in physical form are requested to register their E-mail at addresses of the company at [shares@indianacrylics.com](mailto:shares@indianacrylics.com) / Registrar and Share Transfer Agents of the Company.

## DIRECTORS' REPORT

To The Members,

The Directors of your Company have pleasure in presenting the 25th Annual Report of the Company together with Audited Accounts for the financial year ending 31st March, 2012.

## FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
Particulars	2011-12	2010-11
Domestic Sales (Net of Excise)	<b>32671</b>	30024
Export Sales	<b>17402</b>	10793
Total Sales	<b>50073</b>	40817
Other Income	<b>537</b>	534
Total Income	<b>50610</b>	41351
Gross Profit before interest & depreciation	<b>1460</b>	5220
Interest & other financial charges	<b>1253</b>	1240
Profit before depreciation	<b>207</b>	3980
Depreciation	<b>976</b>	4900
Net Profit/(Loss)	<b>(769)</b>	(920)
Provision for tax	-	9
Prior period adjustment	<b>15</b>	1
Provision earlier made for accumulated cenvat written back	<b>(786)</b>	(963)
Net Profit available for appropriation	<b>32</b>	36

Production of Acrylic Fibre increased from 27014 MT during the previous year to 27912 MT during the year under consideration. Sale of Acrylic Fibre also increased from 24147 MT to 29727 MT, posting a strong growth of 23%. Company has also been able to increase the sale of traded goods from 2681 MT to 3805 MT. Overall sales have increased from Rs. 408 Crore in previous year to Rs. 500 Crore during the current year.

However, while 2010-11 was a good year for Acrylic Fibre Industry, the global turmoil caused by wide fluctuations in prices of textile products has affected the entire Textile Industry chain during the year. The prices of raw materials, fuel, energy and transportation cost increased sharply squeezing the gross margins thereof.

Beside, the prices of ACN have been on a roller coaster throughout the year. Dumping of Fibre has also affected the local industry adversely. Due to above, gross profit which was Rs. 5220 Lacs in the previous year decreased to Rs. 1460 Lacs during the current year.

The Company earned a Net profit of Rs. 207 Lacs before depreciation and extra ordinary items. There is a write back of Rs. 786 Lacs on account of excess interest provision reversed after settlement of dues of IDBI under OTS, which is shown as extra ordinary items in the Profit & Loss A/c. Net Profit after depreciation, extra ordinary items and tax has been Rs. 32 Lacs as compared to Rs.36 Lacs during the previous year.

The Company received the following awards/recognitions during the year:

1. Certificate of Registration of Social Accountability System – SA 8000:2008 for Manufacture and supply of Acrylic Fibre.
2. “Export Award” by the Synthetic & Rayon Textile Export Promotion Council (SRTEPC) for Highest Export Performance in Acrylic Staple Fibre.

## RESEARCH AND DEVELOPMENT

The Company has an In-House R & D Centreregistered with the Ministry of Science & Technology, Govt. of India. Its validity has been further renewed up to 31.03.2014.

Research and Development work to introduce new varieties of fibre is continuously underway and some more new product varieties are likely to start commercially during the year 2012-13.

Efforts are being made to increase the production of dyed tops and dyed staple fibre which are value added products. Company has also undertaken a project to increase the productivity of Tow to Tops manufacturing and to reduce its overall energy cost.

Your Directors are confident to achieve further cost reduction and improve capacity utilization to improve the performance.

## MANAGEMENT DISCUSSION AND ANALYSIS

### a) Industry Structure and Developments

World Production of Acrylic Fibre has increased to 20.65 Lac MT in the year 2011 compared to 19.81 Lacs MT during previous year, showing a growth of 4.24%. As against above, Indian production of Acrylic Fibre has been 0.75 Lacs MT during previous year and same has decreased to 0.73 Lacs MT during the current year.

Subdued global demand alongwith sudden reversal of trend and sharp fall in cotton prices hit spinners badly during financial year 2011-2012. Most Yarn Spinners witnessed a substantial squeeze in their earnings affecting

the entire value chain in textile sector. Acrylic Fibre Industry also faced situation of lower Industry margins this year.

The global structure of acrylic fibre market shows capacity in few countries with very little or no domestic consumption. The producers from these countries have to depend mainly on exports. The dumping from producers in those countries is a continuous threat to domestic fibre Industry.

b) Opportunities and Threat

Continued opening up of economies and globalisation throws up opportunities for strong companies such as yours. The inherent strength, in the form of strong product basket, powerful brand positioning and fully integrated state-of-the-art production facilities, cutting-edge technology and unparalleled production innovation capabilities combined with the deep market penetration, growth potential of the Textile Industry in India, provide a highly potent platform to seize opportunities in the form of newer markets and new segments of customers.

There is remarkable improvement in export sales which have jumped from Rs. 108 Crore to Rs. 174 Crore. Company has achieved more than Rs.100 Crore export turnover for third year in a row, and is hopeful of receiving another highest export performance award under Acrylic Fibre category for this year also.

Company is exploring opportunities for registering its project under Renewal Energy Certificate (REC) Scheme introduced by Govt. of India, to avail the benefit of new clean development technologies as renewable energy generator. Your company is actively working on various other opportunities in these and related areas.

On the other hand, Euro zone debt crisis, sharp increase in raw material prices, continued weakness in developed economies, prospect of higher domestic inflation, fiscal tightening and interest rates are some of the challenges facing the Textile Industry at large.

Your company is dependent on imported raw materials to a large extent and any increase in crude oil, naphtha or gas prices adversely affects the company. Threat of dumping of cheaper goods by overseas producers of acrylic fibre is also a major threat.

c) Segment-wise/Product wise performance

The Company has only one segment i.e. "Manufacture and sale/ trading of Acrylic Fibre/ Yarn".

**FUTURE OUTLOOK**

Global production of Acrylic Fibre has increased by 4% during this year and same is estimated to grow by 1% or 2% in the next year also.

Your Company has been able to increase exports of fibre by 4287 MT (57%) in the year under consideration. With the strong presence in various export markets of Far East, Middle East countries and opening up of market by Pakistan recently to Indian Exports, your Directors are confident to increase its market share further.

Raw Material availability scenario is also improving with the start up of new Acrylonitrile Capacities in Asian Region. Prices of Acrylonitrile are expected to follow a stable trend in the medium term with the crude oil prices stabilising in the International market. This will help in improving the domestic sale as well as margins in the coming year.

Efforts are also being made further to cut the cost by using new technologies available for conservation of power, process improvements etc. and by increasing production of value added products.

**FINANCIAL STATUS**

The issued and subscribed capital of the company increased from Rs.13132.21 lacs to Rs.13532.21 lacs during the year under review. The Company has allotted additional 40,00,000 equity shares of Rs.10/- each at par to IDBI Bank Ltd. during the year in terms of OTS scheme.

**FIXED DEPOSITS**

The company has not accepted any fixed deposits during the year under review.

**CORPORATE GOVERNANCE REPORT**

The Company is continuously taking steps to attain higher levels of transparency, accountability and equity in order to enhance customer satisfaction and stakeholders' value. The Company not only complies with the regulatory requirements but is also responsive to the stakeholders' as well as customers' needs. The Company already has an Audit Committee, a Shareholders' Grievances Committee and a Remuneration Committee duly constituted by the Board to look after various activities. The Corporate Governance practices followed by the company are enclosed as Annexure to this report.

## DIRECTORS' RESPONSIBILITY STATEMENT

- i) The Directors confirm that, in preparation of the Balance Sheet and the Profit and Loss Account of the Company, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding 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.

## INTERNAL CONTROL SYSTEMS

Your Company's internal control systems comprise of management reporting system as well as inspection of the operations of the Company by Internal Audit checks carried out internally as well as through outside agencies.

## DIRECTORS

Since the last Annual General Meeting, following change has been taken place in the Board of Directors:

PSIDC has nominated Shri Samir Kumar as a Director and Chairman in place of Mrs Kavita Singh effective from 08/11/2011.

Your Directors place on record appreciation of the valuable guidance rendered by Mrs Kavita Singh during her association with the Company.

Rear Adml. M M Chopra and Shri A S Chatha, Directors, retire by rotation and being eligible offer themselves for re-appointment.

## AUDITORS

M/s S. C. Dewan & Co., Chartered Accountants, retire as Statutory Auditors at the ensuing Annual General Meeting. The Directors recommend their re-appointment, as Statutory Auditors, to hold the office as such till the conclusion of next Annual General Meeting.

## LISTING OF SHARES

Equity shares of the Company are listed on Mumbai and Calcutta Stock Exchanges. Listing fee to the BSE has already been paid in pursuance to clause 38 of the listing agreement. The Company has since filed an application for delisting of its shares from Calcutta Stock Exchange. However, the shares will continue to be traded on Mumbai Stock Exchange.

## DEMATERIALISATION

Effective 25th September 2000, the equity shares of your Company are being compulsorily traded in dematerialized form. As on 31st March 2012, a total of 1253 lacs equity shares, representing 92.56% of equity share capital have been dematerialized and about 31835 shareholders are holding shares in dematerialized form.

## INSURANCE

All the assets of the company have been adequately insured.

## PERSONNEL

The statement of employees, as required under Section 217 (2A) of the companies Act, 1956 is not applicable as there was no employee who was drawing a salary of Rs.60,00,000/- and above per annum if employed for full year, or a salary of Rs.5,00,000/- and above per month if employed for a part of the year.

The Board expresses deep appreciation of all sections of employees for their support and for making efforts to increase efficiency and growth.

## INDUSTRIAL RELATIONS

Industrial relations continued to be cordial during the year under review.

## ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the assistance, co-operation and support received by the company from the Govt. of Punjab, PSIDC, financial institutions, banks, other statutory/ Govt. bodies, customers and shareholders of the Company.

A statement giving details of conservation of energy/ technology absorption and foreign exchange earnings and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, forms part of this report and is annexed herewith.

On Behalf of the Board of Directors

Place : Chandigarh

Dated : 29.05.2012

**SAMIR KUMAR**  
CHAIRMAN

**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, 2012**

1. Your Company has always been conscious of the need to conserve energy and has always attempted various measures for the same where ever possible to achieve reduction in the cost of production. The Company has taken various measures on suggestions of experts in the areas where energy reduction and fuel and oil conservation is possible. The details regarding present energy consumption including captive generation are furnished below as per Form 'A' of the Annexure to the Rules.

**FORM 'A'**

	Current Year	Previous Year
<b>A) POWER &amp; FUEL CONSUMPTION</b>		
1. a) Purchased Units (in lacs)	<b>244.13</b>	233.00
Total amount (Rs.in lacs)	<b>1329.96</b>	1025.69
Rate/Unit (Rupees)	<b>5.45</b>	4.40
b) Own Generation		
i) Through Turbine (Unit in lacs)	<b>218.15</b>	237.97
Total amount (Rs.in lacs)	<b>879.52</b>	900.50
Rate/Unit (Rupees)	<b>4.03</b>	3.78
ii) Through Diesel Generator (Unit in lacs)	<b>4.61</b>	2.76
Total amount (Rs.in lacs)	<b>61.96</b>	32.91
Rate/Unit (Rupees)	<b>13.43</b>	11.91
2) Fuel Oils used for Steam		
Quantity (Lacs Ltrs)	<b>0.11</b>	0.39
Total amount (Rs.in lacs)	<b>3.83</b>	12.95
Rate/Unit (Rupees)	<b>34.63</b>	33.50
3) Rice Husk for Steam Generation		
Quantity (MTs)	<b>55031</b>	48793
Total amount (Rs.in lacs)	<b>2261.27</b>	1634.79
Rate/Unit (Rupees)	<b>4.11</b>	3.35
<b>B) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Production of Acrylic Fibre & Waste (MT)	<b>27912</b>	27014
1.) Electricity (Units/MT)	<b>1636</b>	1634
Cost per unit of production of Fibre (Rs/MTs)	<b>7990</b>	6799
2) Furnace Oil (KL/MT)		
Rice Husk for process steam (Unit/MT)	<b>1972</b>	1806
Cost per unit of production of Fibre (Rs/MTs)	<b>8115</b>	6100

**II) Technology Absorption**

**Efforts made in technology absorption as per form "B" of Annexure to the Rules.**

**1. Research & Development (R&D)**

- |  |   |
|--|---|
| <p>a) Specific area in which R&amp;D carried out by Company.</p> <p>b) Benefits derived as a result of the above R&amp;D</p> <p>c) Further course of action.</p> <p>d) Expenditure on R&amp;D (Rs. In lacs): (Capital / Recurring)</p> | <p>R &amp; D has been carried out in the areas of improvement on product, process, cost reduction and increase in productivity.</p> <p>Productivity improvement, reduction of waste and development of new product varieties and increase in Carbon Credits due to R&amp;D efforts, thereby reducing the cost of manufacturing.</p> |
|--|---|

We are working on development of new speciality products to cater to some more end use segments. We are also working on increasing the overall productivity of the plant by In-house R&D.

Capital :- Rs. NIL (Previous year Rs.NIL lacs)  
Revenue:- RS.21.35 lacs (Previous year Rs.20.49 lacs.)



## INDIAN ACRYLICS LIMITED

### 2. Technology absorption, adoption and innovation

- a) Efforts in brief made towards technology absorption, adoption & innovation
- b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.
- c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished :

Technology Absorption Programme has been completed satisfactorily. The product range has been further diversified to produce new varieties of Acrylic Fibre. Efforts are on to further conserve the energy and to develop new varieties of Acrylic Fibre for development of new end uses.

Not applicable

### FOREIGN EXCHANGE EARNING AND OUTGO

- a) Activity relating to exports, initiative taken to increase exports, development of new export market for products and services and export plans.
- b) Total foreign exchange used and earned (Rs. in lacs)

During this year, export sale has increased from Rs.107.93 Crore to Rs. 174.03 Crore due to various initiatives taken by the company and development of new export markets. Company is working to develop more export markets also so as to increase its market share.

Used : Rs.10138.99 Lacs

(Previous year Rs.15359.77 Lacs)

Earned : Rs.17594.14 Lacs

(Previous year Rs10741.98 Lacs)

**STATEMENT UNDER SECTION 217 (2A) OF COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 ANNEXED TO THE DIRECTORS' REPORT FOR THE YEAR ENDING 31ST MARCH, 2012.**

- NIL -

For and on behalf of Board of Directors

Place : Chandigarh  
Date : 29.05.2012

**SAMIR KUMAR**  
CHAIRMAN

## REPORT ON CORPORATE GOVERNANCE

The Company continuously strives to attain high levels of corporate performance, accountability, transparency, responsibility and fairness in all aspects of its operations. Transparency in all dealings and providing better services without compromising in any way on integrity and regulatory compliances have been the basic objectives of corporate governance in the Company.

### **BOARD OF DIRECTORS**

The composition of the Board of Directors is governed by the provisions of the Companies Act, 1956 and the Articles of Association of the Company. Shri Samir Kumar, IAS, is the Chairman and Shri R K Garg is the Managing Director of the Company. Other members of the Board are eminent persons with considerable professional expertise and experience in banking, finance and other fields.

The Board has six Independent Directors, viz Prof. (Dr.) B B Tandon, who retired as Dean and Chairman, University Business School, Panjab University, Chandigarh; Rear Admiral M M Chopra, AVSM, retired from Navy and also served as Director on the Board of National Stock Exchange Ltd.; Shri A S Chatha, Joined the IAS Cadre of Punjab in 1963 and served it with distinction till 1995; Shri Samir Kumar is the Managing Director of PSIDC, and Shri A K Mahajan is the Executive Director of PSIDC; Smt. Kalpana Gupta, DGM, is Circle Head, Punjab National Bank. She has been nominated on the Board by the Bank. Two Directors viz Shri R K Garg and Shri Dheeraj Garg represent the private promoters on the Board of the Company. Shri H K Singhal is the whole-time Director. All directors other than Shri R K Garg, Managing Director, Shri Dheeraj Garg, Additional Managing Director and Shri H K Singhal, Financial Advisor, are Non-Executive Directors on the Board.

### **BOARD MEETINGS**

During the year under review, 4 Board Meetings were held, one each on 30th May 2011, 29th September 2011, 8th November 2011 and 13th February 2012.

Details of attendance at the Board Meetings, and at the last Annual General Meeting (AGM) for each director of the Company are as follows:

Name of Director	Category of Directors	No. of Board Meetings held during the year 2011-12		Annual General Meeting Attendance (held on 29.09.11)	No. of Directorship in other Public Companies		No. of Committee Positions held in other Public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
*Shri Samir Kumar IAS (PSIDC Nominee)	Non Executive Director / Chairman	4	1	-	-	2	-	-
Shri R K Garg	Mg. Director	4	4	-	3	1	-	-
Shri A K Mahajan (PSIDC Nominee)	Non Executive Director	4	1	-	4	6	2	1
Shri Dheeraj Garg	Additional Mg. Director	4	2	-	-	1	1	-
Prof (Dr) B B Tandon	Non Executive Director	4	4	-	-	1	-	1
Shri A S Chatha	Non Executive Director	4	3	-	-	3	-	-
Shri M M Chopra	Non Executive Director	4	3	-	-	3	-	2
Shri H K Singhal	Finance Director	4	3	Yes	-	6	-	7
Mrs Kalpana Gupta	Non Executive Director	4	2	-	-	-	-	-

\* Shri Samir Kumar, PSIDC Nominee has replaced Mrs Kavita Singh w.e.f. 08.11.2011

### **COMMITTEES OF DIRECTORS**

The Board has constituted committees of Directors to deal with matters, which need quick decisions and timely monitoring of the activities falling within their terms of reference. The Board Committees are as follows:

## **AUDIT & COMPLIANCE COMMITTEE**

The Audit & Compliance Committee comprises of two non-executive Directors viz. Rear Admiral M. M. Chopra, AVSM (Retd.), Prof.(Dr.) B B Tandon and one Executive Director Shri H K Singhal. During the year, the committee held four meetings.

The terms of reference of the Audit & Compliance Committee are in accordance with Section 292A of the Companies Act, 1956 and paragraphs C&D of clause 49(II) of the Listing Agreement entered into with the Stock Exchanges and inter-alia includes the following:

- a) Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
- b) Recommending appointment and removal of external auditors and fixing of their fees.
- c) Reviewing with management the annual financial statements with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.
- d) Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures, techniques and other regulatory requirements.
- e) Reviewing the adequacy of internal control systems and significant audit findings.

## **SUB-COMMITTEE OF BOARD OF DIRECTORS**

The Sub-Committee of Board of Directors has been constituted in line with the provisions of Clause 41 of the Listing Agreements to review unaudited financial results and comprises of Shri R K Garg, as Chairman, Rear Admiral M. M. Chopra, AVSM (Retd.), Prof.(Dr.) B B Tandon, and Shri H K Singhal as members of the Committee. During the year, the committee held two meetings.

## **REMUNERATION/COMPENSATION COMMITTEE**

The Remuneration Committee comprises of two non executive Directors viz Rear Adm. M M Chopra, AVSM (Retd.) and Prof.(Dr.) B B Tandon, and one Executive Director Shri H K Singhal. The committee has been constituted to review and recommend compensation payable to the whole-time directors including Managing Director and senior management of the Company. The committee reviews the overall compensation structure and policies of the Company with a view to attract, retain and motivate employees, reviewing compensation levels of the Company vis-à-vis other Companies and industry in general. During the year, the committee held two meetings.

## **REMUNERATION OF DIRECTORS**

Shri R.K. Garg, Shri H K Singhal and Shri Dheeraj Garg are whole-time Directors. Their particulars and details of remuneration, as approved by the Board of Directors and Shareholders, are as under:

	<b>Shri R.K. Garg</b>	<b>Shri H K Singhal</b>	<b>Shri Dheeraj Garg</b>
-Designation	Managing Director	Financial Advisor	Additional Managing Director
-Last appointed on	01/03/2012	01/02/2012	26/09/2008
-Term	Three years	Three years	Five years
- Salary	Rs.2,00,000/- per month	Rs.80,000/- per month	Without Remuneration
-Perquisites viz. housing accommodation, gas & electricity, traveling/ halting allowance/ medical benefits	Up to a maximum of Rs.24,00,000/-	Reimbursement of House Rent Up to 35% of the salary (over and above 15% payable by the Financial Advisor)	
- Commission	5% of the net profit including the above salary & perquisites	Nil	-
- Provident Fund	12% of the basic salary	12% of the basic salary	-
- Gratuity	As per the Payment of Gratuity Act.	As per the Payment of Gratuity Act.	-

The remuneration is in conformity with Schedule XIII of the Companies Act, 1956. Other non-executive directors are paid sitting fee of Rs.10000/- for each Meeting of the Board, and Rs.5000/- for each Meeting of the Audit Committee and Sub-Committee thereof attended by them.

## **GENERAL BODY MEETINGS**

Venue & time of previous meetings of shareholders, including three Annual General Meetings:

Nature of Meetings	Day	Date	Time	Venue
EGM	Saturday	17.12.2011	11.30 a.m.	At Regd Office at Village Harkishanpura Distt Sangrur (Punjab)
AGM	Thursday	29.09.2011	11.30 a.m.	Same as above
AGM	Wednesday	29.09.2010	11.30 a.m.	Same as above
AGM	Tuesday	29.09.2009	11.30 a.m.	Same as above

No special resolutions were put through postal Ballot during last year, as there was no such item, which required to be passed through postal ballot.

## **DISCLOSURES:**

- The transactions with the Companies, where the Directors of the Company were interested, were in the normal course of business and there were no materially significant related party transactions that might have had potential conflict with the interest of the Company at large.
- Shri R K Garg is also the Chairman of Steel Strips Wheels Ltd., Steel Strips Infrastructures Ltd., SAB Industries Ltd. and Steel Strips Ltd and Director of Indlon Chemicals Ltd. The group, headed by Shri R K Garg & Family members, namely Smt. Sunena Garg, Ms. Priya Garg, Shri Dheeraj Garg and Ms. Ute Mayr, comprises of the following companies:  
Indian Acrylics Ltd., SAB Industries Ltd., Steel Strips Wheels Ltd., Steel Strips Ltd., Steel Strips Infrastructures Ltd., Steel Strips Industries Ltd., Indlon Chemicals Ltd., SAB Developers Pvt. Ltd., Malwa Chemtex Udyog Ltd., S.S. Credits Pvt. Ltd., S.J. Mercantile Pvt. Ltd., Indian Acrylics Investments Ltd., Malwa Holdings Pvt. Ltd., Steel Strips Mercantile Pvt. Ltd., Steel Strips Financiers Pvt. Ltd., Steel Strips Holdings Pvt. Ltd., Munak International Pvt. Ltd., Munak Financiers Pvt. Ltd., Munak Investments Pvt. Ltd., S.A.B. Udyog Ltd., Chandigarh Developers Pvt. Ltd. and DHG Marketing Pvt. Ltd.
- There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Markets during the last three years.

## **INSIDER TRADING**

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a "Code of Conduct for Prevention of Insider Trading". Sh. H K Singhal, Financial Advisor of the Company had been appointed as the Compliance Officer for this purpose. The Code is applicable to all such employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company as well as all Directors.

## **SECRETARIAL COMMITTEE**

The Secretarial Committee approves and monitors transfers, transmission, splitting and consolidation of shares of the company. The Secretarial Committee is comprised of Shri Dheeraj Garg, Additional Managing Director, Shri H.K. Singhal, Financial Advisor and Shri Bhavnesh Gupta, Company Secretary. The Secretarial Committee of the company meets as often as required. The Committee met 11 times during the year.

## **SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE**

The Board of the Company has constituted an Investors' Grievances Committee, comprising of Prof.(Dr.) B B Tandon as Chairman, Shri H K Singhal and Shri Bhavnesh K Gupta, Company Secretary. The Committee monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet, dividends, dematerialization of shares etc. The Company has attended to most of the investor's grievances/ correspondence within a period of 10 days from the date of receipt, except in cases constrained by disputes or legal impediment.

## **MEANS OF COMMUNICATION**

Quarterly Results:

The quarterly financial results are regularly published in Financial Express/ Business Standard and Punjabi Tribune. All price sensitive information is made available at the earliest under intimation to Stock Exchanges.

## INDIAN ACRYLICS LIMITED

### GENERAL SHAREHOLDER INFORMATION

Annual General Meeting of the Company will be held on 28th September 2012 at Regd. Office of the Company.

### FINANCIAL CALENDER (Tentative)

Results for quarter ending June 2012	:	Second week of Aug., 2012
Results for quarter ending Sept. 2012	:	Second week of Nov., 2012
Results for quarter ending Dec. 2012	:	Second week of Feb., 2013
Results for quarter ending March 2013	:	Last week of May, 2013
Date of Book Closure	:	From 17th September 2012 to 27th September 2012
Dividend Payment Date	:	Not Applicable
Scrip Code on BSE	:	514165

### STOCK MARKET DATA

(RS./PER SHARE)

#### BOMBAY STOCK EXCHANGE

MONTH	MONTH'S HIGH	MONTH'S LOW	NO. OF SHARES	NO. OF TRADES	NET TURNOVER (RS.)
April-11	5.75	4.75	576515	1002	30,29,623.00
May-11	4.90	3.60	333473	587	14,53,387.00
June-11	6.25	4.01	3520185	4327	1,99,84,869.00
July-11	5.00	4.07	339082	693	14,96,307.00
August-11	4.22	2.80	524189	998	17,52,430.00
September-11	3.78	3.05	247616	656	8,16,583.00
October-11	3.67	2.81	219560	494	7,00,229.00
November-11	3.75	2.71	263026	539	8,04,727.00
December-11	3.13	2.36	239885	462	6,45,849.00
January-12	3.48	2.22	412641	597	12,15,138.00
February-12	3.17	2.52	676787	588	19,20,932.00
March-12	2.74	2.20	351873	523	8,75,811.00

### Shareholding Pattern as on 31st March 2012

Sr. No.	Particulars	No. of Shares	%age
1.	Promoters, Directors & Associates	71082310	52.53
2.	Bodies Corporate	8364803	6.18
3.	FI's & Mutual Funds	15793400	11.67
4.	NRI's	336201	0.25
5.	General Public	39745448	29.37
	Total	135322162	100.00

### Distribution of shareholding as on 31st March 2012

Share holding of		Shareholders		Share Amount	
Face Value (Rs.)	Face Value (Rs.)	Number	%age to Total	In Rs.	%age to Total
10	To 5000	100983	92.40	134571940	9.94
5001	To 10000	4088	3.74	37013740	2.74
10001	To 20000	1890	1.73	31508530	2.33
20001	To 30000	673	0.62	18115980	1.34
30001	To 40000	305	0.28	11274450	0.83
40001	To 50000	413	0.38	20218780	1.49
50001	To 100000	491	0.45	38046760	2.81
100001	and Above	441	0.40	1062471440	78.52
		<b>109284</b>	<b>100.00</b>	<b>1353221620</b>	<b>100.00</b>

**Dematerialization of shares and liquidity:**

Trading in Equity shares of our company is permitted only in dematerialized form effective from 26.09.2000 as per the notification issued by the Securities and Exchange Board of India (SEBI). Our company has signed agreements with both the Depositories viz. NSDL & CDSL. The Company has appointed M/s Alankit Assignments Ltd. 2E/21, Alankit House, Jhandewalan Extension, New Delhi 110055, as common agency to look after dematerialization of shares as well as for physical transfer of shares. Our Company's capital comprises only of Equity Shares and the company does not have any preference shares, ADRs or GDRs. The company has dematerialized 1253 lakhs equity shares comprising 92.56% of the total Equity till date.

Demat ISIN Number allotted to the Company by NSDL and CDSL for equity shares is INE862B01013

**REGISTERED OFFICE & WORKS:**

Village Harkishanpura, Sub-Tehsil Bhawanigarh, Distt. Sangrur (Punjab) – 148 026.

**ADDRESS FOR CORRESPONDENCE & CORPORATE OFFICE:**

SCO 49-50, Sector 26, Madhya Marg, Chandigarh – 160 019.

Phone No. 0172-2793112, 2792385, 2790979 Fax No. 0172-2794834, 2790887

Designated E-Mail address for Investor Services: shares@indianacrylics.com

Website : www.indianacrylics.com

On Behalf of Board of Directors

**Samir Kumar**  
**CHAIRMAN**

**Place: Chandigarh**

**Dated: .29.05.2012**

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT IN ANNUAL GENERAL MEETING**

Name of Director	Rear Adml. MM Chopra (Retd.)	Sh.AS Chatha, IAS
Date of Birth	28/03/1933	14/01/1936
Date of Appointment	29/05/1999	31/05/2010
Qualification Experience in Specific functional areas	Retired from Indian Navy where he held various prestigious positions. After retiring from navy, he has functioned as the Executive Director of M/s Bombay Dyeing & Mfg Co. Ltd. He has been guiding our Company to streamline procedures, better co-ordination and faster decision making.	Shri A S Chatha, B.E. (Hons), joined the I.A.S. cadre of Punjab in 1963 and served it with distinction till 1995. He held wide range of assignments from the field to the secretariat such as Deputy Commissioner of Patiala, Sangrur, Ludhiana, Managing Director, PSIDC Ltd., Joint Secretary, Ministry of Commerce, Govt. of India and Principal Secretary, Department of Industries, Cooperation, Housing, Irrigation and Power, Home and Justice and finally as Chief Secretary to the Govt. of Punjab.
Chairman/ Member of the Committee of Board of Directors of the Company	Chairman of Audit Committee, Remuneration Committee and Member of Sub-Committee	Nil
Chairman/ Member of the Committee of Directors of other Companies in which he is a Director	Member of audit Committee of Steel Strips Ltd	Nil
No. of shares held in the Company	Nil	Nil

**CERTIFICATE OF CORPORATE GOVERNANCE**

We have examined the Company's compliance of conditions of Corporate Governance by Indian Acrylics Limited for the year ended on 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

On the basis of our review of the relevant records and documents maintained by the company and furnished to us for review and the information and explanations given to us by the company, we certify that the company complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement with the Stock Exchanges.

For S C Dewan & Company  
Chartered Accountants

Place: Chandigarh  
Dated: 29.05.2012

**S C DEWAN**  
Partner  
M.No. 15678

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**DECLARATION REGARDING COMPLIANCE BY THE BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT**

This is to confirm that the Board has prescribed code of conduct for all the Board members and Senior Management of the Company, which is available on the website of the Company.

I confirm that the Company has in respect of the financial year ended 31st March 2012, received from its Board Members as well as senior management personnel, a declaration of compliance with the code of conduct as applicable to them.

Place : Chandigarh  
Dated : 29.05.2012

**H K Singhal**  
Financial Advisor

## AUDITORS' REPORT

To the share holders

### Indian Acrylics Limited

We have audited the attached Balance Sheet of M/s **INDIAN ACRYLICS LIMITED** as at 31.03.2012 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4-A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters as specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:-
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion, proper books of accounts as required under the law, have been kept by the Company so far as appears from our examination of such books.
  - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
  - (iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
  - (v) On the basis of written representation received from Directors, as on 31.03.2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31.03.2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon 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: -
    - (a) In the case of Balance Sheet, of the state of affairs of

the Company as at 31.03.2012, and,

- (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date, and
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

for S.C. Dewan & Co  
Chartered Accountants  
(R. No.: 000934N)

Place : Chandigarh  
Dated : 29.05.2012

**S.C. Dewan**  
Partner  
M.No. 15678

### Annexure to Auditors' Report

#### Referred to in Paragraph I of our report of even date:

1. In respect of its fixed assets:
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
  - (b) Physical verification of inventory has been conducted at reasonable intervals by the management. The procedures of physical verification of inventory followed by the management appear to be reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification dealt with in the books of accounts.
  - (c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
  - (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. The Company has not granted or taken any loan, secured or unsecured loans to/ from Companies covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.



## INDIAN ACRYLICS LIMITED

5. The transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered in the register. Each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time
6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
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 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 cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view

Nature of the Dues	Amount (Rs. In Lakhs)	Forum where dispute is pending	Period to which the amount relates
Sales Tax	78.68	Supreme Court	2002-03
Excise Duty	17.36	Commissioner (Appeals) Excise	Various years from 2006-07 to 2010-11
	9.80	Asstt. / Dy. Commissioner, Excise	Various years from 2002-03 to 2009-11
	20.60	Cestat	Various years from 2004-05 to 2010-11
	100.49	Additional Commissioner (Excise)	2001-02 & 2002-03
Custom Duty	314.95	Supreme Court	2004-05
	29.37	Additional Commissioner (Customs)	Various years from 2000-01 to 2003-04
	17.79	Cestat	2003-04 & 2004-05

10. The Company has been registered for a period of more than five years, having existing share capital of Rs.13532.22 lakhs. Its accumulated losses at the end of the financial year amount to Rs.9935.00 lakhs and are more than 50% of its net worth. It has earned cash profit in the financial year under review and earned cash profit in the immediately preceding financial year. The Company is a potential sick company under the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 and a report, in this connection, has been filed with BIFR as required under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. In our opinion, the Company is not a Financing Company.

9. In respect of statutory dues:
  - (a) 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, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2012 for a period of more than six months from the date of becoming payable.
  - (b) The Company is regular in depositing 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 any other statutory dues with the appropriate authorities except for the demands/ claims disputed by the Company as per details given below:

15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The term loans were applied for the purpose for which the loans were obtained, as per the information available from the records of the Company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used 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. The Company has not issued any Debentures to the public.
20. The Company has not raised any monies by way of public issues during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

for S.C. Dewan & Co  
Chartered Accountants  
(R. No.: 000934N)

Place : Chandigarh  
Dated : 29.05.2012

**S.C. Dewan**  
Partner  
M.No. 15678



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

PARTICULARS	NOTE NO.	AS AT 31/03/2012 (Rs.in Lacs)	AS AT 31/03/2011 (Rs.in Lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	13,532.22	13,132.22
(b) Reserves & Surplus	2	<u>(7,644.23)</u>	<u>(9,847.78)</u>
<b>Total (1)</b>		<u>5,887.99</u>	<u>3,284.44</u>
<b>(2) Share application money pending allotment</b>			
-			
<b>(3) Non- Current Liabilities</b>			
(a) Long-Term borrowings	3	695.33	4,218.93
(b) Deferred Tax Liabilities (Net)			
(c) Other Long Term Liabilities (Inter Corporate Loans)		931.00	1,150.00
(d) Long Term Provisions			
<b>(4) Current Liabilities</b>			
(a) Short-Term borrowings	4	1,161.49	1,007.93
(b) Buyer Credits	5	1,473.38	-
(c) Trade payable	5	14,152.74	15,938.23
(d) Other Current Liabilities	5	877.10	2,724.52
(e) Short-Term Provisions	5	545.56	690.98
<b>Total (4)</b>		<u>18,210.27</u>	<u>20,361.66</u>
<b>Total (1 to 4)</b>		<u>25,724.59</u>	<u>29,015.03</u>
<b>II Assets</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
Gross Block	6	41,216.20	40,947.28
Less: Depreciation		<u>31,652.95</u>	<u>30,677.10</u>
Net Block		9,563.25	10,270.18
Capital Work-in-Progress (including advances on capital account)		135.70	164.04
		<u>9,698.95</u>	<u>10,434.22</u>
(b) Non-Current Investments			
(c) Deferred Tax Assets (Net)			
(d) Long Term Loans and Advances			
(e) Other Non-Current assets (Security Deposits)		110.62	102.36
<b>(2) Current Assets</b>			
(a) Current Investments			
(b) Inventories	7	10,588.78	12,451.02
(c) Trade Receivables	8	3,928.11	3,647.89
(d) Cash and Bank Balances	9	784.49	688.72
(e) Short-Term Loans and Advances	10	471.20	1,483.37
(f) Other Current Assets	11	142.44	207.45
<b>Total (2)</b>		<u>15,915.02</u>	<u>18,478.45</u>
<b>Total (1+2)</b>		<u>25,724.59</u>	<u>29,015.03</u>
<b>Notes on Accounts</b>	16		

**AUDITORS' REPORT**

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

Place : CHANDIGARH  
Dated : 29.05.2012

**S.C. Dewan**  
Partner

**R K Garg**  
Managing Director  
**H.K. SINGHAL**  
Financial Advisor

**A. S. CHATHA**  
**B. B. TANDON**  
**M. M. CHOPRA**  
Directors  
**B.K. GUPTA**  
Company Secretary

## INDIAN ACRYLICS LIMITED

### PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	NOTE No.	AS AT 31/03/12 (Rs.in Lacs)	AS AT 31/03/11 (Rs.in Lacs)
I. Revenue from Operations	12	50,073.50	40,817.50
II. Other Income	13	536.52	533.32
<b>III. Total Revenue (I+II)</b>		<b>50,610.01</b>	<b>41,350.82</b>
IV. Expenses:			
Cost of Materials Consumed	14	31,263.98	29,155.83
Purchase of Stock-in-Trade	14	9,677.82	4,779.57
Change in Inventories of Finished Goods, work-in-Progress and Stock-in-Trade	14	(72.84)	(4,394.05)
Employee benefit Expense	14	1,177.76	1,019.18
Other Expenses	14	7,102.59	5,553.20
Financial Costs	15	1,253.39	1,256.73
Depreciation and amortization expense		975.85	4,900.33
<b>Total Expenses</b>		<b>51,378.55</b>	<b>42,270.79</b>
V. Profit / (Loss) before exceptional and Extraordinary Items and Tax (III - IV)		<b>(768.54)</b>	<b>(919.97)</b>
VI. Extra ordinary Items			
Write backs of Interest Provisions		786.07	-
Provision earlier made for accumulated cenvat now reversed being no more required		-	963.35
Prior Period Adjustment		14.83	1.07
VII. Profit / (Loss) before Tax (V - VI)		32.36	44.45
VIII. Tax Expense:			
Income Tax (MAT)		-	8.86
IX. Profit / (Loss) from the period from continuing operations (VII - VIII)		<b>32.36</b>	<b>35.59</b>
Earning / (Loss) per share - Basic and Diluted (Rs.)		0.02	0.03
Weighted average number of shares		134928719	131322162

**AUDITORS' REPORT**

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

Place : CHANDIGARH

Dated : 29.05.2012

**S.C. Dewan**  
Partner

**R K Garg**  
Managing Director

**H.K. SINGHAL**  
Financial Advisor

**A. S. CHATHA**  
**B. B. TANDON**  
**M. M. CHOPRA**  
Directors

**B.K. GUPTA**  
Company Secretary

## CASH FLOW STATEMENT FOR 31ST MARCH, 2012

YEAR	YEAR	CURRENT	(Rs.in Lacs) PREVIOUS
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	(768.54)	(919.97)
	ADJUSTMENT FOR :		
	i) ADD: DEPRECIATION	975.85	4,900.33
	ii) ADD: INTEREST & FINANCIAL CHARGES EXPENSES	1,253.39	1,256.73
	LESS: INCOME TAX (MAT)	0.00	8.86
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,460.70	5,228.24
	ADJUSTMENTS FOR :		
	TRADE AND OTHER RECEIVABLES	731.95	105.00
	INVENTORIES	1,862.24	(5,891.08)
	TRADE PAYABLES / CURRENT LIABILITIES	(639.47)	4,049.21
	CASH GENERATED FROM OPERATIONS	3,415.41	3,491.37
	CASH FLOW BEFORE EXTRAORDINARY ITEMS		
	EXTRAORDINARY ITEMS / PRIOR PERIOD ADJUSTMENT	14.83	964.42
	NET CASH FROM OPERATING ACTIVITIES	3,430.24	4,455.79
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>			
	PURCHASE OF FIXED ASSETS	241.04	699.86
	SALE OF USED CAR	0.45	1.27
	NET CASH USED IN INVESTING ACTIVITIES	240.59	698.58
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>			
	INTEREST & FINANCIAL CHARGES PAID	1,253.39	879.54
	PROCEEDS FROM ISSUE OF FRESH SHARE CAPITAL	400.00	0.00
	TERM LOANS REPAYMENTS	2,231.81	4,226.78
	UNSECURED LOAN (INTER CORPORATE LOANS)	219.00	1,150.00
	NET CASH USED IN FINANCING ACTIVITIES	3,304.20	3,956.33
<b>D. NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>			
	CASH AND BANK EQUIVALENTS (OPENING BALANCE)	(9.40)	189.72
	CASH AND BANK BALANCES (CLOSING BALANCE)	(123.94)	(9.40)

### AUDITORS' REPORT

We have verified the attached Cash Flow Statement of M/s Indian Acrylics Limited derived from audited financial statements and the books and records maintained by the company for the year ended 31st March, 2012 and found the same in agreement therewith.

For S. C. Dewan & Co.  
Chartered Accountants

Place : CHANDIGARH  
Dated : 29.05.2012

**S.C. Dewan**  
Partner

**R K Garg**  
Managing Director

**H.K. SINGHAL**  
Financial Advisor

**A. S. CHATHA**  
**B. B. TANDON**  
**M. M. CHOPRA**  
Directors

**B.K. GUPTA**  
Company Secretary

## INDIAN ACRYLICS LIMITED

### NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

PARTICULARS	AS AT 31.03.2012 (Rs.in Lacs)	AS AT 31.03.2011 (Rs.in Lacs)
<b>NOTE NO. '1' SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1500 Lac (Previous Year 1500 Lac)		
Equity Shares of Rs. 10/- each	<u>15,000.00</u>	<u>15,000.00</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
135322162 Equity Shares of Rs.10/- each		
fully paid up. (Previous year 131322162)	<u>13,532.22</u>	<u>13,132.22</u>
<b>Total</b>	<u>13,532.22</u>	<u>13,132.22</u>

No of shares held by Shareholders holding 5 percent & above:-

PARTICULARS	AS AT <u>31.03.2012</u>	%AGE <u>HELD</u>	AS AT <u>31.03.2011</u>	%AGE <u>HELD</u>
1. SHRI DHEERAJ GARG	10,965,889	8.10	10,963,757	8.35
2. IFCI LTD	11,561,150	8.54	11,561,150	8.80
3. SAB INDUSTRIES LTD	14,793,772	10.93	14,793,772	11.27
4. SAB UDYOG LTD	16,880,646	12.47	16,880,646	12.85
5. PSIDC LTD	18,330,000	13.55	18,330,000	13.96

#### NOTE NO. '2' RESERVES & SURPLUS

<b>1. Capital Reserves</b>				
Opening Balance		-		-
Add: Write backs as per OTS with IDBI		<u>2,171.19</u>		-
<b>Total</b>		<u>2,171.19</u>		-
<b>2. Securities Premium Reserves</b>		39.23		39.23
<b>3. Other - General Reserves</b>		80.00		80.00
<b>4. Debit balance of Profit &amp; Loss Account</b>				
- Opening Balance		(9,967.01)		(10,002.60)
- Add: Profit for the year		32.36		35.59
- Total		<u>(9,934.65)</u>		<u>(9,967.01)</u>
<b>Total</b>		<u>(7,644.23)</u>		<u>(9,847.78)</u>

PARTICULARS (Rs. in Lacs)	(Rs.in Lacs)	AS AT 31.03.2012		AS AT 31.03.2011	
		Non Current	Current	Non Current	Current
<b>NOTE NO. '3' LONG TERM BORROWING</b>					
<b>SECURED LOANS</b>					
<b>1. From Financial Institutions</b>					
Term Loans		2,171.19	-	2,171.19	-
Funded Interest		786.08	961.79	786.08	961.79
Interest Accrued & Due		-	2,088.21	-	2,088.21
<b>Total</b>		<b>2,957.27</b>	<b>3,050.00</b>	<b>2,957.27</b>	<b>3,050.00</b>
Less: Full & Final payment made to IDBI against settlement. (including shares of Rs.400 Lacs)		-	3,050.00	-	1,650.00
<b>Total</b>		<b>2,957.27</b>	<b>-</b>	<b>2,957.27</b>	<b>1,400.00</b>
Less: Transfer Profit & Loss Account		786.08	-	-	-
Transfer Capital Reserves		2,171.19	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>2,957.27</b>	<b>1,400.00</b>
<b>2 From Banks</b>					
Rupee Term Loans		-	218.67	218.67	161.70
Working Capital Term Loan (Rupee Loan)		-	-	-	125.00
Foreign Currency Loans		695.33	347.66	1,042.99	545.11
<b>Total (A)</b>		<b>695.33</b>	<b>566.33</b>	<b>4,218.93</b>	<b>2,231.81</b>

- i) The Term Loans / working capital term loan from Financial Institutions / banks are secured by mortgage created or to be created on all the immovable assets of the Company, both present and future, hypothecation of all the moveable assets including movable machinery, machinery parts, tools and accessories and other movables, both present and future (save and except book debts), subject to charges created or to be created in favour of the Company's Bankers for securing working capital limits. These Loans are further guaranteed by the managing director besides two directors.
- ii) Following settlement of Term Loans dues under OTS with IDBI, excess amount of interest provision has been credited to profit & loss account amounting to Rs.786.07 lacs, while remaining amount of Term Loan amounting to Rs.2171.19 lacs has been transferred to Capital Reserve account.

**NOTE NO. '4' SHORT TERM BORROWING**

**SECURED LOANS**

Cash Credit Account	-	1,161.49	-	1,007.93
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Cash Credit / Working capital borrowings are secured by hypothecation of book debts, raw-material, finished goods, semi-finished goods, consumable stores and spares including stocks in transit of the company as well as of Indlon Chemicals Ltd. and also by a second charge on the fixed assets of the company and further guaranteed by the managing director besides two directors and Indlon Chemicals Limited.

## INDIAN ACRYLICS LIMITED

PARTICULARS	AS AT 31.03.2012 (Rs.in Lacs)	AS AT 31.03.2011 (Rs.in Lacs)
<b>NOTE NO. '5' CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(a) Buyer Credits</b>	<b>1,473.38</b>	-
<b>(b) Trade Payable</b>		
- For Purchases - SME Units #	2.54	27.82
- Others	13,430.60	15,234.69
- For Capital Goods	64.90	62.38
- Expenses Payable	654.70	613.34
<b>Total</b>	<b>14,152.74</b>	<b>15,938.23</b>
<b>(c) Other Current Liabilities</b>		
1) Current Maturity of Long Term debt *	566.33	2,231.81
2) Interest accrued & due to banks	12.10	14.90
3) Cheques Issued But Not Yet Presented for Payment	98.91	151.61
4) Other Payables **	199.76	326.20
<b>Total</b>	<b>877.10</b>	<b>2,724.52</b>
<b>(d) Short Term Provisions</b>		
-Provisions for Gratuity & Earned Leaves	141.05	126.12
-Provisions for Excise Duty on Finished Goods	300.32	474.15
-Provision for Income Tax (MAT)	-	8.86
-Provision for Others	104.19	81.85
<b>Total</b>	<b>545.56</b>	<b>690.98</b>
<b>G.Total</b>	<b>17,048.78</b>	<b>19,353.73</b>

\* Details are given in Note No.3.

\*\*Includes statutory dues & advance from customers.

# Include a sum of Rs.0.15 lacs (Previous Year Rs.0.88 Lacs) outstanding for more than 45 days, determined to the extent the parties have been identified on the basis of information with the company.

### NOTE NO. '6' FIXED ASSETS

PARTICULARS	GROSSBLOCK			DEPRECIATION			NET BLOCK		
	Cost As At 31.03.2011 (Rs.in Lacs)	Additions (Rs.in Lacs)	Sale (Rs.in Lacs)	Cost As At 31.03.2012 (Rs.in Lacs)	Upto 31.03.2011 (Rs.in Lacs)	For the year (Rs.in Lacs)	Upto 31.03.2012 (Rs.in Lacs)	As At 31.03.2012 (Rs.in Lacs)	As At 31.03.2011 (Rs.in Lacs)
	A. Land	265.20	-	-	265.20	-	-	-	265.20
B. Site Development	335.58	-	-	335.58	-	-	-	335.58	335.58
C. Building									
i. Factory	6,007.61	22.61	-	6,030.22	2,784.89	166.70	2,951.60	3,078.61	3,222.72
ii. Housing Colony	301.92	-	-	301.92	87.06	4.09	91.14	210.78	214.86
D. Plant & Machinery	32,580.28	189.19	-	32,769.46	26,898.19	725.83	27,624.01	5,145.44	5,682.08
E. Electrical Installation	750.73	29.33	-	780.06	378.01	48.01	426.02	354.04	372.72
F. Tubewell	27.21	-	-	27.21	5.05	0.37	5.41	21.79	22.16
G. Weigh Bridge	11.27	-	-	11.27	9.36	0.44	9.82	1.45	1.91
H. Tools & Implements	33.01	-	-	33.01	28.83	0.48	29.31	3.70	4.18
I. Furniture / Fixture & Office Equipment	444.01	13.80	-	457.80	362.06	14.40	376.45	81.36	81.95
J. Vehicles	190.48	14.43	0.45	204.46	123.65	15.53	139.18	65.28	66.83
<b>Total (Rs.)</b>	<b>40,947.28</b>	<b>269.38</b>	<b>0.45</b>	<b>41,216.20</b>	<b>30,677.10</b>	<b>975.85</b>	<b>31,652.95</b>	<b>9,563.24</b>	<b>10,270.20</b>
<b>Previous Year</b>	<b>40,118.98</b>	<b>829.59</b>	<b>1.27</b>	<b>40,947.28</b>	<b>25,776.77</b>	<b>4,900.33</b>	<b>30,677.10</b>	<b>10,270.18</b>	<b>14,342.23</b>

CAPITAL WORK IN PROGRESS	AS AT 31.03.2012 (Rs.in Lacs)	AS AT 31.03.2011 (Rs.in Lacs)
1. Advance to Capital Goods Suppliers	135.70	128.87
2. Building / Plant & Machinery Under Erection /Installation	-	35.17
<b>Total</b>	<b>135.70</b>	<b>164.04</b>

# Depreciation of current year is not comparable with that of previous year as there was change of method in the previous year and as a result of change depreciation amounting to Rs.3771.06 lacs relating to earlier years was charged in the previous year Profit & Loss Account.

Depreciation for current year has been provided for 304 days on rates prescribed in schedule xiv of Companies Act as plant was under shutdown for remaining time period.

PARTICULARS	AS AT 31.03.2012 (Rs.in Lacs)	AS AT 31.03.2011 (Rs.in Lacs)
<b>NOTE NO. '7' INVENTORIES</b>		
(As taken valued and certified by the Management)		
(At lower of cost or estimated realisable value)		
1. Raw Materials	629.51	1,586.23
2. Raw Material at Port	19.07	1,798.96
3. Raw Material in High Seas Transit	3,111.89	1,686.05
4. Raw Material in Inland Transit	62.19	634.13
5. Consumable Stores	651.73	704.11
6. Stock in Process	681.38	825.09
7. Finished Goods	<u>5,433.01</u>	<u>5,216.45</u>
<b>Total</b>	<b>10,588.78</b>	12,451.02
<b>NOTE NO. '8' TRADE RECEIVABLE</b>		
(Unsecured and considered good unless otherwise stated) Outstanding for a period exceeding six months		
	16.06	114.82
Less: Provision for bad & doubtful debts	<u>8.92</u>	<u>30.47</u>
	7.14	84.35
Others - Considered good	<u>3,920.97</u>	<u>3,563.54</u>
<b>Total</b>	<b><u>3,928.11</u></b>	<b><u>3,647.89</u></b>
Trade receivable include a sum of Rs.2.40 Lacs (Previous year Rs.2.38 lacs), maximum during the year Rs.2.40 lacs (Previous year Rs.2.38 lacs) receivable from Indlon Chemicals Ltd., a subsidiary company under the provisions of section 4(1)(a) of the Companies Act, 1956.		
<b>NOTE NO. '9' CASH &amp; BANK BALANCES</b>		
Cash-in-Hand	5.14	3.74
Cheques and Drafts in Hand pending Collection	73.97	40.56
<b>WITH SCHEDULED BANK</b>		
In current account	16.57	12.78
Fixed Deposit Receipts (Under bank lien)	688.81	631.64
<b>Total</b>	<b><u>784.49</u></b>	<b><u>688.72</u></b>
<b>NOTE NO. '10' SHORT TERM LOANS &amp; ADVANCES</b>		
(Unsecured considered good)		
Advance recoverable in Cash or in kind or for value to be received		
Accumulated Cenvat	59.75	615.17
Other Advances	411.45	868.20
<b>Total</b>	<b><u>471.20</u></b>	<b><u>1,483.37</u></b>
<b>NOTE NO. '11' OTHER CURRENT ASSETS</b>		
Interest Receivable	72.44	8.68
Prepaid Expenses	41.02	119.02
Tax Deducted At Source	28.98	79.75
<b>Total</b>	<b><u>142.44</u></b>	<b><u>207.45</u></b>
<b>NOTE NO. '12' REVENUE FROM OPERATIONS</b>		
I) GROSS SALES		
- Domestic	35,441.08	33,170.03
- Export	17,402.50	10,793.30
- Total	52,843.58	43,963.33
- Less: Excise Duty	2,770.08	3,145.83
- NET SALES	<u>50,073.50</u>	<u>40,817.50</u>



## INDIAN ACRYLICS LIMITED

PARTICULARS	AS AT 31.03.2012 (Rs.in Lacs)	AS AT 31.03.2011 (Rs.in Lacs)
<b>NOTE NO. '13' OTHER INCOME</b>		
i) Sale of Scrap	73.48	93.87
ii) Interest Received on Fixed Deposits with Banks & on Income Tax Refund	114.17	80.45
iii) Agricultural Income	6.10	3.24
iv) Sale of Certified Emission Reductions*	191.21	116.02
v) Sale of Power	35.87	187.38
vi) Others Misc Income	115.69	52.36
<b>Total</b>	<u>536.52</u>	<u>533.32</u>
* Amount actually received from sale of Certified Emission Carbon Credits has been accounted as Income in the Profit & Loss Account. Further 29274 CERs are issued and pending for sale as at 31.03.2012 (Previous Year - Nil). For another 36614 CERs (Previous Year 62538 CERs) monitoring reports is already finalised by SGS & these are in process of issuance. These will be taken as Income in Profit & Loss Account as and when sold.		
<b>NOTE NO. '14' MANUFACTURING &amp; OTHER EXPENSES</b>		
<b>1 COST OF MATERIALS CONSUMED</b>		
Imported Raw Material	24,120.05	22,806.50
Indegenous Raw Material	7,143.93	6,349.33
<b>Total</b>	<u>31,263.98</u>	<u>29,155.83</u>
<b>2 PURCHASE OF STOCK-IN-TRADE</b>		
Purchase of Goods Traded & Yarn Charges	9,677.82	4,779.57
<b>3 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
Opening Stock		
Finished Goods		
- Own Manufactured	5,077.54	864.26
- Trading	138.92	316.66
Stocks in Process	825.09	466.57
<b>Total</b>	<u>6,041.55</u>	<u>1,647.49</u>
Closing Stock		
Finished Goods		
- Own Manufactured	2,730.10	5,077.54
- Trading	2,702.90	138.92
Stocks in Process	681.38	825.09
	<u>6,114.38</u>	<u>6,041.55</u>
Increase/(Decrease) in Stock	(72.84)	(4,394.05)
<b>4 EMPLOYEE COST</b>		
Salary & Other Allowances	875.90	779.81
Contribution to PF & Other Funds	93.52	84.14
Staff Welfare	102.98	82.17
Staff Training & Recruitment	8.86	9.52
Gratuity	21.69	41.63
Managerial Remuneration		
Salary	35.60	14.63
Perquisites / Sitting Fee	34.94	5.53
Contribution towards Provident Fund	4.27	1.75
	<u>1,177.76</u>	<u>1,019.18</u>
<b>5 OTHER EXPENSES</b>		
<b>MANUFACTURING COST</b>		
Power & Fuel	4,558.60	3,674.87
Repair & Maintenance	126.46	134.43
Stores, Spares & Consumables	821.77	630.62
Factory Expenses	245.99	188.21
	<u>5,752.82</u>	<u>4,628.13</u>

PARTICULARS	AS AT	AS AT
	31.03.2012 (Rs.in Lacs)	31.03.2011 (Rs.in Lacs)
<b>ADMINISTRATIVE COST</b>		
Rent	137.82	123.85
Rates & Taxes	25.43	4.45
Auditors Remuneration		
Audit Fee including Tax Audit Fee	7.00	5.50
Certificate Charges	2.00	1.50
Advertisements & Publicity	0.34	0.28
Insurance	42.93	25.44
Travelling Expenses - Foreign		
- Directors	27.84	27.06
- Others	44.02	16.58
Travelling Expenses - Inland		
- Directors	2.82	4.56
- Others	72.09	71.24
Miscellaneous Expenses	280.67	219.11
	<u>642.97</u>	<u>499.57</u>
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
- Freight Outward	110.35	96.13
- Commission	2.06	2.96
- Others	18.05	9.52
Export Expenses		
- Commission	50.29	8.71
- Freight Forwarding & Clearing Expenses	526.05	308.17
	<u>706.80</u>	<u>425.49</u>
<b>Total (5) :-</b>	<b>7,102.59</b>	<b>5,553.19</b>
<b>G.Total :-</b>	<b>49,149.31</b>	<b>36,113.72</b>
<b>NOTE NO. '15' INTEREST &amp; FINANCIAL EXPENSES</b>		
1. Interest on Term Loans & WCTL	214.59	657.11
2. Working Capital interest & Bank Charges	939.43	583.00
3. Exchange Fluctuation	99.37	16.62
<b>Total</b>	<b>1,253.39</b>	<b>1,256.73</b>

**NOTE NO. '16' NOTES ON ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES :**

i) The financial statements are prepared under the historical cost convention in accordance with the applicable Accounting Standard and relevant presentational requirements of the Companies Act, 1956.

ii) **FIXED ASSETS :**

Fixed Assets are stated at cost less depreciation. Cost of acquisition or construction is inclusive of duties, taxes and other incidental expenses. Cenvat credit available is deducted from cost of fixed assets.

Capital work-in-progress includes advances paid for purchase of Fixed Assets, preoperative expenses pending capitalisation, and capital work in progress. As per practice, expenses incurred on modernisation / debottlenecking of plant are capitalised.

iii) **Depreciation :**

Depreciation is provided as per rates specified in Schedule XIV of the Companies Act, 1956 as per details given below:

## INDIAN ACRYLICS LIMITED

### S.No. Name of Asset

1.	Building		SLM Basis
2.	Plant & Machinery	WDV Basis	
3.	Other Assets (Vehicles, Furniture & Fixture)	WDV Basis	

The plant being a continuous process plant, so rates of depreciation as applicable to continuous process industry have been applied.

#### iv) Inventories :

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of various items of inventories are computed as under:-

- In case of raw materials stores and spares at weighted average cost plus direct expenses.
- In case of work in process at raw material cost plus conversion expenses depending upon stage of completion.
- In case of finished goods at raw materials cost plus conversion cost, packing cost, excise duty and other overheads to bring the goods to present condition and location.
- Raw material and other stocks lying at port pending clearance at cost inclusive of custom duty actually paid. The custom duty payable on material lying into bond is accounted on clearance for home consumption.

#### v) Retirement Benefits :

Gratuity and earned leave encashment has been provided for in the books of accounts on actuarial valuation basis as at the end of the year.

#### vi) Interest :

Interest in respect of fixed deposits lying with banks has been accounted for on accrual basis.

#### vii) Cenvat & Excise Duty

Purchases, Sales and Stocks are shown net of cenvat credit available. Balance in the cenvat account is shown as current assets and excise duty expenditure is booked on gross basis. Provision made for excise duty liability on stock of finished goods lying at the year end is booked in excise duty expenditure account and liability for the same is shown as provisions under schedule of current liabilities.

#### viii) Recognition of Income/Expenditure :

All revenues and expenses are accounted for on accrual basis except for medical reimbursement payable, claims receivable and export incentives which are accounted for on cash basis, unless otherwise explained hereafter. All expenses are shown as net of Input Tax credit as Service Tax credit is adjustable against excise duty under cenvat credit Rules.

#### ix) Foreign Exchange Fluctuations :

- a) Foreign currency assets / liabilities not covered by forward contracts are restated at the rates prevailing at the end of the year.
- b) Any income or expense on account of exchange difference is recognised in the Profit and Loss Account as per the requirement of AS-11 issued by ICAI, New Delhi.

2. Contingent Liabilities, alongwith there nature and description in brief as required under AS –29, not provided for in the books of accounts, are as under :

	As at 31.03.2012 (Rs.in Lacs)	As at 31.03.2011 (Rs.in Lacs)
a) Letters of Credit outstanding for Import of Raw materials / Spares	42.86	31.14
b) Claims against the company / disputed liabilities not acknowledged as debts:		
i) In respect of Sales Tax Surcharge on exempted sales	78.68	78.68
ii) In respect of Excise Duty demand on account of valuations & cenvat credit disputes.	463.20	609.55
iii) In respect of custom duty on account of cancellation of DEPB scrips validly purchased by us from the market, duty demand on goods lost in high seas.	47.15	47.15
iv) Others *	511.00	460.00

- \* There is an Arbitration award dated 16.03.2002 of US\$ 10.22 Lacs, approx Rs.511 lacs, (Previous Year Rs.460 lacs) and interest against the company awarded by Arbitration Panel in the favour of E.I. Dupont (USA). The award has not reached its finality as company has filed objections on 29.06.2002 in the hon'ble High Court and the matter is now Sub-Judge. In the opinion of the management and as per the legal advice received by the company, no liability against the company has yet arisen. Accordingly, the awarded amount is not considered as a liability. As such, no provision for the same has been made in the books.
- c) Estimated amount of contracts remaining to be executed on **Rs.281.87 lacs** Rs.291.03 lacs capital account and not provided for in the Books of Accounts (Net of Advance).
3. a) Previous year figures have been regrouped and rearranged, wherever considered necessary, to make them comparable with those of current year.  
b) Figures have been rounded off to the nearest rupee in lacs.
4. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business, unless stated otherwise. The provision for all the known liabilities is adequate and not in excess of amount considered reasonably necessary.
5. Note No. 1 to 16 form an integral part of the accounts of the Company.
6. No provision for income tax or MAT has been made in the books of accounts as there are no taxable profits for the year under consideration, under the provisions of the Income Tax Act.
7. The debit and credit balances in the accounts of a few suppliers, customers and others are subject to confirmation and reconciliation.
8. The company is mainly in one business segment viz Manufacture and Sale / Trading of Acrylic Fibre / Yarn. There is no other reportable segment in accordance with Accounting Standard (AS-17) issued by the Institute of Chartered Accountants of India dealing with the segment reporting.
9. The Net Deferred Tax asset of Rs.2123.06 lacs as at 31.03.2012 (including Rs. 2014.17 lacs upto 31.03.2011) has not been recognized in view of uncertainty of its realisation, as recommended under Accounting Standard AS-22 on "Deferred Taxation" issued by The Institute of Chartered Accountants of India. The details of deferred tax assets are as under:-

	As at 1st April, 11	For the year 2011-2012	(Rs. in lacs) As at 31st Mar,12
<b>Deferred Tax Assets being tax impact thereon</b>			
(i) Tax on unabsorbed losses and / or depreciation carried forward as per Income tax laws.	3006.34	211.11	<b>3217.45</b>
(ii) Tax on expenses charged in the books, but allowance deferred under Income tax laws	372.94	(352.43)	<b>20.51</b>
<b>Total :</b>	3379.28	(141.32)	<b>3237.96</b>
<b>Deferred Tax Liabilities being tax impact thereon</b>			
(i) Tax on difference between written down value of block of assets as per Income tax laws and written down value of the fixed assets as per books of accounts.	1365.11	(250.21)	<b>1114.90</b>
(ii) Others	-	-	-
Net Deferred Tax Asset	2014.17	108.89	<b>2123.06</b>

## INDIAN ACRYLICS LIMITED

### 10. EARNING PER SHARE (EPS)

Basic/Diluted Earning Per Share

	<b>Current Year</b>	Previous Year
	<b>(Rs.in lacs)</b>	(Rs.in lacs)
Profit / (Loss) after tax as per profit & loss account	<b>32.35</b>	35.59
Less : Dividend and tax thereon in respect of preference shares	-	-
Profit available for the shareholders (A)	<b>32.35</b>	35.59
No. of equity shares (B)	<b>134928719</b>	131322162
Earning / (Loss) per share (Rs.) (basic & Diluted) (A/B)	<b>0.02</b>	0.03
Nominal value per equity share	<b>Rs.10.00</b>	Rs.10.00

Computation of weighted average number of equity shares outstanding during the period.

	<b>Current Year</b>	Previous Year
	<b>(No)</b>	(No)
No. of equity shares at the beginning of the year	<b>131322162</b>	131322162
Fresh Shares issued during the year (07.05.2011)	<b>4000000</b>	-
Total number of equity shares outstanding as at the end of the year.	<b>135322162</b>	131322162
Weighted average number of equity shares outstanding during the period.	<b>134928719</b>	131322162

11. As per restructuring package approved under the corporate debt restructuring (CDR) system in Jan'03, NPV of interest losses shall be converted to Zero Rate Interest Loan to be recovered after 2014-15 after a review to be made after 10 years. No provision for the same has been made in the books of accounts, as the amount is unascertainable at this stage.

12. Managerial remuneration does not include contribution to Gratuity provision as separate figures are not available. Computation of net profit in accordance with section 349 of the Companies Act, 1956 has not been enumerated, as no commission is payable and remuneration has been paid as per provisions of schedule XIII of the Companies Act, 1956.

### 13 RELATED PARTY DISCLOSURES:

Detail of transaction entered into with related parties during the year as required by Accounting Standard-18 on "Related party disclosures" issued by the Institute of Chartered Accountants of India are as under:-

Particular	Subsidiaries Company	Key Management Personal (KMP)	Enterprises over which KMP is able to exercise significant influence	(Rs.in lacs)	
				Total for Current Year	Total for Previous Year
Purchase of Fixed Assets	NIL	NIL	0.33	0.33	0.78
Purchase of goods (net)	NIL	NIL	NIL	NIL	NIL
Recoverable at end of the year	2.40	NIL	NIL	2.40	2.38
Services availed	NIL	NIL	10.90	10.90	9.46
Civil Construction & Maintenance	NIL	NIL	NIL	NIL	NIL
Lease Rent paid	NIL	NIL	17.88	17.88	17.88
Management Contracts (Salaries)	NIL	74.81	NIL	74.81	21.91
Remuneration paid to relatives of KMP during the year.				1.53	1.78
Amounts written off or written back in the period in respect of debts due from or to related parties.				NIL	NIL

**Note:**

1. Subsidiary Company : Indlon Chemicals Ltd
2. Key Management Personnel : Mr.R.K.Garg Mr.H.K.Singhal Mr.Dheeraj Garg  
(Whole time Directors) Managing Director Financial Advisor Addl. Managing Director
3. Enterprises over which Key Management personnel (KMP) are able to exercise significant control and with whom transactions have taken place during the year:
  - 1) SAB Industries Ltd.
  - 2) Steel Strips Ltd.
  - 3) Malwa Chemtex Udyog Ltd.
  - 4) Steel Strips Wheels Ltd
  - 5) Steel Strips Infrastructures Ltd.
4. Relatives of the Key Management Personnel (with whom transactions have taken place):- Mr. Suresh Aggarwal is related to Mr. H.K. Singhal (brother of Mr. H. K. Singhal) and employed with the company. Mr.Dheeraj Garg (son of Sh.R.K.Garg, Managing Director) is Additional Managing Director on board.

**14. DETAIL OF PROVISIONS AS PERAS-29**

	(Rs in Lacs)			
	Employee Benefits(Gratuity Earned Leave)	Excise duty on Finished Goods lying in stocks	Doubtful Debts.	Others
Balance at April 1,2011	126.12	474.15	30.47	90.71
Provision made during the year	14.93	300.32	-	29.18
Provision written off/ back during the period	-	474.15	21.54	15.70
Balance at March 31,2012	141.05	300.32	8.93	104.19

\* Note: Past liability funded with L.I.C.

15. The company has taken the Group Gratuity and Group Leave encashment policies from LIC and entire premiums demanded by them for the year 2011-12 have been paid / provided for as per the requirements of revised AS-15.

**16. Leases:**

The company has leased facilities under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year amounts to Rs.127.39 lacs (previous year Rs.109.90 lacs). The future minimum lease payments in respect of the non-cancellable operating leases as at 31st March 2012 are:

S.N. Particulars	(Rs in Lacs)	
	As at 31.03.12	As at 31.03.11
a) not later than one year	<b>82.22</b>	120.11
b) later than one year but not later than five year	<b>28.75</b>	94.87
c) later than five year	-	-

## INDIAN ACRYLICS LIMITED

### 17. ADDITIONAL INFORMATION PERSUANT TO PROVISIONS OF PARAGRAPHS 3,4C AND 4D OF PART II, SCHEDULE VI, OF COMPANIES ACT, 1956.

A) Quantitative Data	Item manufactured	2010-2012 Qty.(MT)	2009-2011 Qty.(MT)
1) Licenced/Registered Capacity	Acrylic Fibre & Waste	<b>Delicenced</b>	Delicenced
2) Installed Capacity #	Acrylic Fibre & Waste	<b>42000</b>	42000
3) Production	Acrylic Fibre	<b>27566</b>	26499
	Acrylic Fibre Waste	<b>356</b>	515

#AS certified by the Management and relied on by the Auditors being a technical matter.

		CURRENT YEAR		PREVIOUS YEAR	
		Qty.(MT)	Value (Rs.in Lacs)	Qty.(MT)	Value (Rs.in Lacs)
<b>4) Raw Material consumed</b>					
i) Acrylonitrile		<b>25711</b>	<b>28033.56</b>	25094	26517.74
ii) Dimethyl Formamide		<b>916</b>	<b>478.85</b>	840	412.24
iii) Methyl Acrylate		<b>240</b>	<b>240.66</b>	279	205.07
iv) V.A.M		<b>1632</b>	<b>937.14</b>	1533	720.13
iv) Others		-	<b>1573.77</b>	-	1300.65
<b>5) Stock &amp; Sales of goods produced</b>					
i) Opening Stock					
Acrylic Fibre		<b>3449</b>	<b>5025.73</b>	597	828.69
Acrylic Fibre Waste		<b>90</b>	<b>51.81</b>	76	35.57
ii) Closing Stock					
Acrylic Fibre		<b>1716</b>	<b>2725.71</b>	3449	5025.73
Acrylic Fibre Waste		<b>8</b>	<b>4.39</b>	90	51.81
iii) Sales					
Acrylic Fibre		<b>29299</b>	<b>45426.34</b>	23647	38202.89
Acrylic Fibre Waste		<b>428</b>	<b>272.30</b>	500	278.99
<b>6) Purchase, Sale and stocks of goods traded in (Acrylic Yarn / Fibre)</b>					
i) Opening Stock		<b>91</b>	<b>138.91</b>	277	316.66
ii) Purchase		<b>5116</b>	<b>9677.82</b>	3152	4779.57
iii) Sale		<b>3825</b>	<b>7144.94</b>	2681	5481.45
iv) Capitive		<b>2</b>	-	657	-
v) Closing Stock		<b>1380</b>	<b>2702.90</b>	91	138.91
<b>B) CIF Value of imported goods</b>					
a) Raw Material			<b>20566.91</b>		16408.30
b) Components & Spare parts			<b>141.10</b>		156.58
<b>C) Consumption of Raw-Materials &amp; Stores and spares</b>					
i) Raw Material	%age		(Rs.in Lacs)	%AGE	(Rs.in Lacs)
a) Indigenus		<b>22.85</b>	<b>7143.93</b>	21.78	6349.33
b) Imported		<b>77.15</b>	<b>24120.05</b>	78.22	22806.50
ii) Store and Spares					
a) Indigenus		<b>76.58</b>	<b>629.35</b>	84.91	535.46
b) Imported		<b>23.42</b>	<b>192.41</b>	15.09	95.16
<b>D) Expenditure in Foreign Currency</b>			<b>Current Year</b>		<b>Previous Year</b>
a) Directors Travelling			<b>16.46</b>		20.85
b) Staff Travelling			<b>21.54</b>		6.10
E) Earnings in Foreign Exchange			<b>17594.14</b>		10741.98
F) - F.O.B Value of Export			<b>17594.14</b>		10741.98
<b>G) Expenditure on Employees</b>					
i) Employees drawing remuneration of not less than Rs.60,00,000/- per annum (previous year Rs.60,00,000/-) and employed throughout the year :					
- No. of Employees				Nil	Nil
- Salaries and Allowances (Rs.in Lacs)				Nil	Nil
- Contribution to Provident & Other Fund (Rs in Lacs)				Nil	Nil
ii) Employees drawing remuneration not year Rs.5,00,000/-)and employed for a part of the year .				None	None

#### AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

**R K Garg**  
Managing Director

**A. S. CHATHA**  
**B. B. TANDON**  
**M. M. CHOPRA**  
Directors

Place : CHANDIGARH  
Dated : 29.05.2012

**S.C. Dewan**  
Partner

**H.K. SINGHAL**  
Financial Advisor

**B.K. GUPTA**  
Company Secretary

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANY.**

1. Name of subsidiary company	Indlon Chemicals Ltd.
2. The financial year of the subsidiary company ended on.	31st March, 2012
3. Date from which it became subsidiary company.	31st August, 1994
4. (a) Number of shares held by Indian Acrylics Ltd. in the subsidiary at the end of the financial year of the subsidiary company.	Nil
(b) Extent of interest of holding company at the end of the financial year of subsidiary.	Subsidiary under Section 4(1)(a) of the Companies Act, 1956
5. The net aggregate amount of the subsidiary company's Profit/(Loss), so far as it concerns the members of the Holding Company.	Nil
(a) Not dealt with in the Holding Company's accounts:	
(I) For the financial years ended 31.03.2012.	N.A.
(ii) For the previous financial years since it became the subsidiary.	N.A.
(b) Dealt within the Holding Company's Accounts :	
(i) For the financial year ended 31.03.2012.	N.A.
(ii) For the previous financial years since it became the subsidiary.	N.A.

**AUDITORS' REPORT**

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

Place : CHANDIGARH  
Dated : 29.05.2012

**S.C. Dewan**  
Partner

**R K Garg**  
Managing Director  
**H.K. SINGHAL**  
Financial Advisor

**A. S. CHATHA**  
**B. B. TANDON**  
**M. M. CHOPRA**  
Directors  
**B.K. GUPTA**  
Company Secretary



# INDLON CHEMICALS LIMITED

## DIRECTORS' REPORT

To

The Members,

The Directors of your company have pleasure in presenting the 25th Annual Report of the company together with Audited Accounts for the financial year ending 31st March 2012.

## PERFORMANCE

	(Rs. in thousands)	
	31.03.2012	31.03.2011
<b>Sales &amp; other Income</b>	-	114.60
<b>Financial costs</b>	<b>0.82</b>	1.46
<b>Administrative cost</b>	<b>12.27</b>	-
<b>Prior period adjustments</b>	-	13.30
<b>Provision for Tax</b>	-	-
<b>Net Profit/(Loss) after tax(13.09)</b>		(38.88)

There was no activity of the Company during the year, as the textile scenario was not encouraging throughout the year. The international prices of acrylic fibre and yarn have hardened up substantially, affecting the demand for its products.

## FIXED DEPOSITS

The company has not accepted any fixed deposits during the year under review.

## DIRECTORS RESPONSIBILITY STATEMENT

- i) The Directors confirm that, in preparation of the Balance Sheet and the Profit and Loss Account of the Company, the accounting standards have been followed along with proper explanation relating to material departures.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the

Companies Act, 1956, for safeguarding 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.

## AUDITORS

The Auditors M/s S.C. Dewan & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

## DIRECTORS

Since the last Annual General Meeting, no changes have taken place in the Board of Directors.

Shri H K Singhal and Shri R K Garg retire by rotation and, being eligible, offer themselves for reappointment.

## PERSONNEL

The provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable.

In terms of Section 217(1)(e) of the Companies Act, 1956 (as amended) and the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, your Directors furnish hereunder the additional information as required:

## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Information regarding conservation of Energy and Technology Absorption is not applicable as the company does not have any manufacturing facilities.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans : None.
- b) Total foreign exchange used and earned :  
Nil (Previous year: Nil)

## ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the support received by the Management from all associates.

For and on behalf of the board

Place: Chandigarh H.K. Singhal Surinder Kansal  
Dated: 29.5.2012 Director Executive Director

## AUDITORS' REPORT

To the Members of  
**M/S INDLON CHEMICALS LIMITED**

We have audited the attached Balance Sheet of M/s INDLON CHEMICALS LIMITED as at 31.03.2012 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4-A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters as specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:-
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion, proper books of accounts as required under the law, have been kept by the Company so far as appears from our examination of such books.
  - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
  - (iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
  - (v) On the basis of written representation received from Directors, as on 31.03.2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31.03.2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon 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:-
    - (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31.03.2012, and,
    - (b) In the case of Profit and Loss Account, of the Loss for the year ended on that date, and
    - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.C. Dewan & Co.  
Chartered Accountants  
(Regd.No.000934N)

Place : Chandigarh  
Date 29.05.2012

**S.C. Dewan**  
Partner  
M.No.015678

## ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date:

1. The Company is not holding any Fixed Assets. Therefore, the reporting requirements under this clause are not applicable.
2. Physical verification of inventory has been conducted at reasonable intervals by the management. The procedures of physical verification of inventory followed by the management appear to be reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification dealt with in

the books of accounts.

3. The Company has not granted or taken any loans, secured or unsecured to/from companies, firm or other parties covered in the registers maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. There were no transactions that need to be entered into a register in pursuance of section 301 of the Companies Act.
6. The Company has not accepted any deposit from the public. Therefore, the provisions of Clause(vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. Maintenance of cost records as prescribed by the Central Government under clause (d) of sub section (I) of section 209 of the Act. are not applicable to Company
9. In respect of statutory dues:
  - (a) 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, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2012 for a period of more than six months from the date of becoming payable.
  - (b) The Company is regular in depositing undisputed statutory dues including, Provident Fund, Employees' State Insurance, Income Tax, VAT/Sales tax, Wealth tax, Service tax and any other statutory dues with the appropriate authorities.
10. The Company has been registered for a period of more than five years, having existing share capital of Rs.5.00 lakhs. Its accumulated losses at the end of the financial year amounts to Rs 6.21 lakhs. There is cash loss in the financial year under review.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. In our opinion, the Company is not a Financing Company.
15. The Company has given corporate guarantee for loans taken by its holding Company from banks. The terms thereof are not prejudicial to the interest of the Company.
16. The Company has not raised any term loan, as per information available from the records of the Company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used 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. The Company has not issued any Debentures to the public.
20. The Company has not raised any monies by way of public issues during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For S.C. Dewan & Co.  
Chartered Accountants  
(Regd.No.000934N)

Place : Chandigarh  
Date 29.05.2012

**S.C. Dewan**  
Partner  
M.No.015678

## INDLON CHEMICALS LIMITED

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

PARTICULARS	NOTE No.	AS AT 31.03.2012 (Rs.in Thousand)	AS AT 31.03.2011 (Rs.in Thousand)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	500.00	500.00
(b) Reserves & Surplus	2	<u>(621.44)</u>	<u>(608.35)</u>
<b>Total (1)</b>		<u>(121.44)</u>	<u>(108.35)</u>
<b>(2) Non- Current Liabilities</b>			
(a) Provision for Doubtful Debts		708.10	708.10
Less:-Amount Written off		<u>708.10</u>	<u>-</u>
<b>Total (2)</b>		<u>-</u>	<u>708.10</u>
<b>(3) Current Liabilities</b>			
(a) Trade payable	3	251.13	247.69
(b) Other Current Liabilities	3	-	1.10
<b>Total (3)</b>		<u>251.13</u>	<u>248.79</u>
<b>Total (1 to 3)</b>		<u>129.69</u>	<u>848.54</u>
<b>II. CURRENT ASSETS</b>			
(a) Inventories	4	2.10	2.10
(b) Cash and Bank Balances	5	127.59	138.34
(c) Loans and Advances	6	-	708.10
<b>Total</b>		<u>129.69</u>	<u>848.54</u>
<b>Notes on Accounts</b>	9		

### PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

I. Revenue from Operations	-	110.57
II. Other Income	-	4.03
<b>III Total Revenue (I+II)</b>	<u>-</u>	<u>114.60</u>
<b>IV. Expenses:</b>		
Change in Inventories of Finished Goods work-in-Progress and Stock-in-Trade	7	127.37
Other Expenses	7	11.34
Financial Costs	8	1.46
<b>Total Expenses</b>		<u>140.17</u>
V. Profit / (Loss) before exceptional and Extraordinary Items and Tax (III - IV)		<u>(25.57)</u>
<b>VI. Extra ordinary Items</b>		
Prior Period Adjustment		(13.30)
VII. Profit / (Loss) before Tax (V - VI)		<u>(38.88)</u>
IX. Profit / (Loss) from the period from continuing operations (VII - VIII)		<u>(38.88)</u>
Earning / (Loss) per share - Basic and Diluted (Rs.)		(0.78)
Weighted average number of shares		50000

#### AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

Place : CHANDIGARH  
Dated : 29.05.2012

S.C. Dewan  
Partner

S. Kansal  
Executive Director

H.K. Singhal  
Director

## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

PARTICULARS	AS AT 31.03.2012 (Rs.in Thousand)	AS AT 31.03.2011 (Rs.in Thousand)
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### NOTE NO. '1' SHARE CAPITAL AUTHORISED

1,00,000 Equity Shares of Rs. 10/- each	<u>1,000.00</u>	<u>1,000.00</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
50,000 Equity Shares of Rs.10/- each	<u>500.00</u>	<u>500.00</u>
<b>Total</b>	<u>500.00</u>	<u>500.00</u>

### NO. OF SHARES HELD BY SHARE HOLDERS HOLDING 5% & ABOVE

PARTICULARS	AS AT 31.03.2012	%AGE HELD	AS AT 31.03.2011	%AGE HELD
1. Malwa Chetex Udyog Ltd.	24,950	49.90	24,950	49.90
2. Steel Strips Tube Investment Ltd.	24,950	49.90	24,950	49.90

PARTICULARS	AS AT 31.03.2012 (Rs.in Thousand)	AS AT 31.03.2011 (Rs.in Thousand)
-------------	---	---

### NOTE NO. '2' RESERVES & SURPLUS

Debit balance of Profit & Loss Account		
- Opening Balance	(608.35)	(569.47)
- Add: Profit/(Loss) for the year	(13.09)	(38.88)
<b>Total</b>	<u>(621.44)</u>	<u>(608.35)</u>

### NOTE NO. '3' CURRENT LIABILITIES & PROVISIONS

<b>(a) Trade Payable</b>		
-For Purchases - Others	239.90	237.76
-Expenses Payable	11.23	9.93
<b>Total</b>	<u>251.13</u>	<u>247.69</u>
<b>(c) Other Current Liabilities</b>		
Other Payables	-	1.10
<b>Total</b>	<u>-</u>	<u>1.10</u>
<b>G.Total</b>	<u>251.13</u>	<u>248.79</u>

### NOTE NO. '4' INVENTORIES

(As taken valued and certified by the Management)		
(At lower of cost or estimated realisable value)		
1. Raw Materials	787.10	787.10
2. Finished Goods	2.10	2.10
<b>Total</b>	<u>789.20</u>	<u>789.20</u>
Less Provisions		
For Stocks lying with third parties	787.10	787.10
<b>Total</b>	<u>2.10</u>	<u>2.10</u>

### NOTE NO. '5' CASH & BANK BALANCES WITH SCHEDULED BANK

In current account	127.59	138.34
<b>Total</b>	<u>127.59</u>	<u>138.34</u>

### NOTE NO. '6' LOANS & ADVANCES

(Unsecured considered good)		
Advance recoverable in Cash or in kind or for value to be received		
Other Advances	-	708.10
<b>Total</b>	<u>-</u>	<u>708.10</u>

## INDLON CHEMICALS LIMITED

PARTICULARS	AS AT 31.03.2012 (Rs.in Thousand)	AS AT 31.03.2011 (Rs.in Thousand)
<b>NOTE NO. '7' MANUFACTURING &amp; OTHER EXPENSES</b>		
<b>1 COST OF MATERIALS CONSUMED</b>		
Opening Stock	787.70	787.70
Add:Purchases	-	-
<b>Total</b>	<u>787.70</u>	<u>787.70</u>
Less:- Closing Stock	787.70	787.70
<b>Total</b>	<u>-</u>	<u>-</u>
<b>2 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
Opening Stock	2.10	129.47
<b>Total</b>	<u>2.10</u>	<u>129.47</u>
Closing Stock	2.10	2.10
<b>Total</b>	<u>2.10</u>	<u>2.10</u>
<b>(Increase)/Decrease in Stock</b>	<u>-</u>	<u>127.37</u>
<b>3 ADMINISTRATIVE COST</b>		
Audit Fee	11.24	11.03
Miscellaneous Expenses	1.03	0.31
<b>Total</b>	<u>12.27</u>	<u>11.34</u>
<b>NOTE NO. '8' INTEREST &amp; FINANCIAL EXPENSES</b>		
1. Bank Charges	0.82	1.46
<b>Total</b>	<u>0.82</u>	<u>1.46</u>

### NOTE NO.9 NOTES ON ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

- i) The financial statements are prepared under the historical cost convention in accordance with the applicable accounting standard and relevant presentational requirements of the companies Act, 1956.
  - ii) Raw materials have been valued at cost. Material lying with spinning mills on job work basis is valued on cost excluding job charges. Finished goods have been valued at cost or estimated realizable value, whichever is less.
  - iii) No provision for gratuity has been made since no employee has completed the qualifying period of five years.
  - iv) Recognition of income/expenditure:  
All revenues and expenses are accounted for on accrual basis. Job charges are accounted for after receipt of material from jobbers. Modvat availed by jobbers on material sent for conversion into yarn is taken as amount available for clearance of yarn and expenditure incurred on yarn clearance by spinning mills is adjusted against the same. Difference paid from time to time is shown as expenditure and closing balance available in current assets.
2. Contingent Liabilities not provided for  
The company has executed a corporate Guarantee and has hypothecated its current assets in favour of the Bank of M/s Indian Acrylics Ltd. for a sum of upto Rs. 13800 lacs to secure their working capital borrowings including working capital term loan.
  3. a) Previous year's figures have been regrouped and rearranged wherever considered necessary to make them comparable with those of current year.  
b) The amounts have been rounded off in 'thousands rupees' upto two decimal points.

4. Note 1 to 9 form an integral part of the accounts of the company.
5. In the opinion of the board, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business unless stated otherwise. The provision for all the known liabilities is adequate and not in excess of amount considered reasonably necessary.
6. Sales Tax liability has been provided for as per Sales Tax Returns filed. Additional liability, if any arising on assessment, shall be provided for on completion of assessment.
7. No Provision for income tax has been made in the Accounts as there are no taxable profits during the year.
8. Closing stocks include a sum of Rs.787.70 (in thousands) (Previous year Rs.787.70 (in thousands) on account of Acrylic Fibre and waste lying with jobbers for conversion into Acrylic yarn. Some of the jobbers have not returned the yarn due to yield variation since long and company has initiated legal action for the same. In view of doubtful nature of the stocks valuing Rs. 787.70(in thousands), the company has created full provision .
9. The debit and credit balances in the accounts of suppliers, customers and others are subject to confirmation.

**10. ADDITIONAL INFORMATION PURSUANT TO PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT,1956;**

**(A) Quantitative Data of Finished Goods (Acrylic Yarn)**

	Current Year		Previous Year	
	Qty (MT)	Value (Rs. in Thousands)	Qty (MT)	Value (Rs. in Thousands)
1 Opening Stock	0.02	2	1	129
2 Purchases	-	-	-	-
3 Sales	-	-	0.98	111
4 Closing Stocks	0.02	2	0.02	2

consideration as also during the previous year.

There was no employee during the year under consideration, nor during the previous year drawing an aggregate remuneration of at least Rs. 60.00 lac per annum (Previous year Rs. 24.00 Lacs) if employed throughout the year, or an aggregate remuneration of at least Rs. 5.00 lac per month(Previous year Rs. 2.00 lac) if employed for a part of the year.

**AUDITORS' REPORT**

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

Place : CHANDIGARH  
Dated : 29.05.2012

S.C. Dewan  
Partner

S. Kansal  
Executive Director

H.K. Singhal  
Director

**INDIAN ACRYLICS LIMITED**

**INDIAN ACRYLICS LIMITED**

Regd. Office & Works : Village Harkishanpura, Distt. Sangrur (Pb.) on Patiala Sangrur Highway

(In case the Member is unable to be present in person at the meeting this form may be used.)

**PROXY FORM**

I/We \_\_\_\_\_

of \_\_\_\_\_ being a member/members of **Indian Acrylics Limited** hereby appoint Mr./ Mrs. /Miss \_\_\_\_\_ of \_\_\_\_\_ or failing him/her, Mr./Mrs./Miss/ \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and to vote for me/us and on my/our behalf at the TWENTY FIFTH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 28th September 2012 at 11:30 a.m.at Company's Registered Office at Village Harkishanpura, Distt. Sangrur (Pb.) - 148 026 on Patiala Sangrur Highway and at any adjournment thereof.

Signed this \_\_\_\_\_ day of September 2012.

Regd. Folio No./Client ID No. \_\_\_\_\_

Signature \_\_\_\_\_

Re. 1  
Revenue  
Stamp

**NOTE :**

1. *The Proxy must be deposited at the Registered Office of the Company at least 48 hours before the time for holding the meeting.*
2. *A proxy need not be a member of the Company.*

**INDIAN ACRYLICS LIMITED**

Regd. Office & Works : Village Harkishanpura, Distt. Sangrur (Pb.) on Patiala Sangrur Highway

**ATTENDANCE SLIP**

**(To be handed over at the entrance of the Meeting Hall)**

Name of the Member

(IN BLOCK LETTERS)

Registered Folio No./Client ID No.....

Name of the Proxy (IN BLOCK LETTERS)

[To be filled in case the Proxy attends instead of the member (s)]

I hereby record my presence at the TWENTY FIFTH ANNUAL GENERAL MEETING held on Friday, the 28th September 2012 at 11.30 A.M. at Company's Registered Office at Village Harkishanpura, Distt. Sangrur (Pb.) - 148 026 on Patiala Sangrur Highway.

Member's/Proxy Signature

(To be Signed at the time of handing over this slip)



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