

26TH  
ANNUAL REPORT  
2012-13



INDIAN ACRYLICS LIMITED

## BOARD OF DIRECTORS

Sh. Vikas Pratap	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
Sh. Rajeshwar K. Goyal	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,  
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 Sixth Annual General Meeting will be held as scheduled below:

**DAY AND DATE** : **SATURDAY, THE 28<sup>TH</sup> SEPTEMBER, 2013**  
**TIME** : **11.00 A.M.**  
**VENUE** : **COMPANY'S REGD. OFFICE & 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 Statements of Profit and Loss and Cash Flow for the year ended March 31, 2013, 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 Prof.(Dr.) B B Tandon, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri A K Mahajan, 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 pursuant to the provisions of Section 269, 309, 316 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, as amended from time to time, and subject to such approvals/ sanctions as may be required, Shri Dheeraj Garg, a Director nominated by Shri RK Garg in terms of the Articles of Association of the Company, be and is hereby re-appointed as the Additional Managing Director of the Company for a period of five years w.e.f. 26/09/2013 without any remuneration.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all steps and to do all such acts, deeds, matters and things as may be deemed necessary, expedient and proper to give effect to the aforesaid resolution."

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

PLACE : Harkishanpura,  
(Distt. Sangrur)  
DATED: 20th August, 2013

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. A blank Proxy Form is attached herewith.
2. Shareholders are requested to notify changes, if any, in their address(es), along with PIN CODE NUMBER and direct all correspondence relating to shares to the Registered Office/ Administrative Office of the Company.
3. Register of Members and Share Transfer Books of the Company will remain closed from 23/09/2013 to 28/09/2013 (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 all working days 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.**

Shri Dheeraj Garg was nominated as a Director on the Board of the Company on 29/11/1997 by Shri R K Garg in terms of Article 129(A) of the Articles of Association of the Company. He was appointed as Additional Managing Director, without remuneration, w.e.f. 26/09/2008, for a period of five years, which term will expire on 25/09/2013. Shri Dheeraj Garg, is a Business Administration Graduate from U.S.A. He is also the Managing Director of Steel Strips Wheels Limited (SSWL) since 01.10.1996. His contribution to IAL has been commendable during his previous tenure that has resulted in the Company having State-of-the-art manufacturing capabilities and improvement in performance.

In view of his wide experience and expertise, it is proposed to re-appoint him as Additional Managing Director for a further period of five years without any remuneration w.e.f. 26/09/2013. The Board of Directors have already approved his reappointment in their meeting held on 12/08/2013, subject to requisite approvals under the Companies Act, 1956.

Shri R K Garg, Managing Director of the Company being related to Shri Dheeraj Garg, is deemed to be interested in the aforesaid proposed resolution.

By order of the Board  
for INDIAN ACRYLICS LIMITED

Place : Chandigarh  
Dated : 20<sup>th</sup> August 2013

BHAVNESH K GUPTA  
COMPANY SECRETARY

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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. Keeping in view the underlying theme and the circular issued by MCA, we proposed to send all documents, to be sent to shareholders like General Meeting notices (including AGM), Audited Financial Statements, Directors’ Report, Auditors’ Report, etc., henceforth to the shareholders in Electronic form, to the E-mail Address provided by them and made available to us by the Depositories. Please note that these documents will also be available on the Company’s Website [www.indianacrylics.com](http://www.indianacrylics.com) for download by the shareholders. The physical copies of the Annual Report will also be available at our Corporate Office in Chandigarh for inspection during office hours. In case you desire to receive the above mentioned documents in physical forms, you are requested to send an E- mail to [shares@indianacrylics.com](mailto:shares@indianacrylics.com). Please note that you will be entitled to receive free of cost a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including the Profit & Loss Account and Auditors’ Report, upon receipt of a requisition from you, any time, as a member of the Company.

Members who have not registered their E-mail address so far are requested to register their E-mail address, in respect of Electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to register their E-mail addresses with the Company/ Registrar and Share Transfer Agents of the Company.

## INDIAN ACRYLICS LIMITED

### DIRECTORS' REPORT

To The Members,

The Directors of your Company have pleasure in presenting the 26<sup>th</sup> Annual Report of the Company together with Audited Accounts for the financial year ending 31<sup>st</sup> March, 2013.

### FINANCIAL HIGHLIGHTS

PARTICULARS	(`. in lacs)	
	2012-13	2011-12
Domestic Sales (Net of Excise)	<b>33161</b>	32671
Export Sales	<b>5593</b>	17402
Total Sales	<b>38754</b>	50073
Other Income	<b>518</b>	537
Total Income	<b>39271</b>	50610
Gross Profit before interest & depreciation	<b>2170</b>	1460
Interest & other financial charges	<b>1903</b>	1253
Profit before depreciation	<b>267</b>	207
Depreciation	<b>648</b>	976
Net Profit/(Loss) prior to Tax & Extra Ordinary Items	<b>(381)</b>	(769)
Prior period adjustment	<b>(17)</b>	15
Extra Ordinary Item	<b>815</b>	786
Net Profit available for appropriation	<b>417</b>	32

The Company has recorded production of 20683 MT and sale of 21885 MT during the year under review as against 27912 MT and 29727 MT respectively during the previous year. The Sale and other incomes during the year were ` . 38754 lacs as against ` . 50073 lacs due to decrease in export sales. Export demand for Acrylic Fibre was sluggish due to economic slowdown in major economies.

Despite decrease in overall sales, Gross profit before interest, depreciation interest and tax (GPBIDT) during the current year is higher. The GPBIDT for the year under review is ` . 2170 Lacs as against ` .1460 Lacs during the previous year. The expenditure on interest and financial charges, however, are higher at ` . 1903 Lacs as compared to ` .1253 Lacs due to higher interest rates and increase in forex premiums due to more volatility in currency. After providing for depreciation, the

Company suffered a loss of ` . 381 Lacs. However, due to an exceptional income of ` . 814 Lacs owing to favourable decision on Company's claim in the court in a long pending arbitration matter with the equipment/technology supplier, the Company earned a net profit during the year of ` . 417 Lacs compared to that of ` . 32 Lacs during the previous year.

### RESEARCH AND DEVELOPMENT

The Company has an In-House R & D centre registered with the Ministry of Science & Technology, Govt. of India. The registration of the R & D Centre was renewed with the Ministry during the year 2011-12 with a validity upto 31.03.2014.

During the current year, the Company has been able to make significant improvements in its new product varieties and overall productivity and has achieved reduction in waste. R & D Centre introduced new products like soft feel Tow for better running in subsequent processes and for better yarn feel, Super soft feel fiber (IA-86) for the substitute of imported soft feel fiber and Bright Acrylic fiber Type IA15 in the staple cut length form. Research & Development work to introduce new value added products are under way. Some of these products are likely to be commercially launched in the current financial year. R & D Center is focusing on reverse engineering of end products like fabrics and yarns available in international and domestic markets to develop value added Acrylic Fibre to be produced in future.

Work is also in progress to launch new product varieties in dyed fiber and standardizing the dyed fiber properties for new varieties.

The Company has also been able to work on series of energy conservation measures such as replacement and installation of energy efficient pumps in water treatment plant in Utility section. Company is also in the process of converting boilers to multi fuel boilers. For improving environmental conditions the Company had installed Acoustic chamber in DG house and is in the process of installing STP plant. Efforts are also on to develop end use of Rice Husk ash which is a waste product while producing steam and power.

### MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure and Developments

World Production of Acrylic Fibre has decreased to 19.14 Lac MT in the year 2012 compared to 20.72 Lacs MT during previous year, showing a negative growth of 7.6%. Indian production of Acrylic Fibre, which was 0.73 Lacs MT during the previous year, has also decreased to 0.70 Lacs MT during the current year. The slowing global economy weighed down by Euro Zone crises, uncertainty about fiscal policy in USA and lower consumer spending affected the growth of Industry. China is consuming nearly 45% Acrylic Fibre of the total world consumption. This year Chinese import of Acrylic Fibre reduced to 186527 MT, a drop of 5% compared to previous year.

b) Opportunities and Threat

With the continuous efforts on new market development, your Company has been able to seed the products well. These efforts are expected to yield positive results in future. There are some more new investments coming up in the Spinning Industry to create more capacity for yarn production. This will also help in better demand for our products.

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.

Threats before the industry at present are dumping, currency fluctuation, sudden increase in competition from other fibres, softening of commodity prices and Euro zone crises. The threat of dumping has increased further with overseas demand affected and producers from those countries looking for other markets. Besides, weather is also an important factor as length of winter and extent of cold weather also influence the consumption of Acrylic Fibre.

Your Company is dependent on imported raw materials to a large extent and sudden increase in crude oil, naphtha or gas prices also adversely affect the Company.

c) Segment-wise/Product wise performance

The Company has only one segment i.e.

“Manufacture and sale/ trading of Acrylic Fibre/Yarn”.

### **FUTURE OUTLOOK**

Significant new capacities of Acrylonitrile (main ramaterial) manufacturing have started commercial production in the Asian Region during the year 2012-13. On the other hand some more capacities of Acrylic fibre have been closed permanently in the European Union recently. Thus our export to Middle East markets is likely to become more viable.

The shifting of Acrylonitrile manufacturing from USA/European Union region to Asia will be continuing during next two-three years. These changes will be good for steady growth of Acrylic fibre Industry in this area.

Softening of the commodity prices, alongwith above changes in the Industry structure will be good for improving the margins in Acrylic Fibre business.

### **FINANCIAL STATUS**

There is no change in the issued and subscribed capital of ₹. 13532.21 lacs.

### **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.

## INDIAN ACRYLICS LIMITED

- 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.
- vi) 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:

PNB has nominated Shri Rajeshwar K Goyal, DGM, Circle Head as a Director in place of Mrs Kalpana Gupta effective from 29/05/2013.

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

Prof.(Dr.) B.B. Tandon (Retd.) and Shri A K Mahajan, 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 2013, a total of 1253 lacs equity shares, representing 92.60% of equity share capital have been dematerialized and about 30385 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 ₹. 60,00,000/- and above per annum if employed for full year, or a salary of ₹.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. 2013

H. K. SINGHAL R. K. GARG  
DIRECTOR MANAGING  
DIRECTOR



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

1. Your Company has always been conscious of the need to conserve energy and has always attempted various measures for the same wherever 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.

<b>FORM 'A'</b>		<b>Current Year</b>	<b>Previous Year</b>
<b>A) POWER &amp; FUEL CONSUMPTION</b>			
1. a)	Purchased Units (in lacs)	<b>194.82</b>	244.13
	Total amount ( ` .in lacs)	<b>1275.94</b>	1329.96
	Rate/Unit (Rupees)	<b>6.55</b>	5.45
b)	Own Generation		
i)	Through Turbine (Unit in lacs)	<b>204.77</b>	218.15
	Total amount ( ` .in lacs)	<b>972.88</b>	879.52
	Rate/Unit (Rupees)	<b>4.75</b>	4.03
ii)	Through Diesel Generator (Unit in lacs)	<b>2.42</b>	4.61
	Total amount ( ` .in lacs)	<b>37.47</b>	61.96
	Rate/Unit (Rupees)	<b>15.49</b>	13.43
<b>2) Fuel Oils used for Steam</b>			
	Quantity (Lacs Ltrs)	<b>0.01</b>	0.11
	Total amount ( ` .in lacs)	<b>0.47</b>	3.83
	Rate/Unit (Rupees)	<b>34.75</b>	34.63
<b>3) Rice Husk for Steam Generation</b>			
	Quantity (MTs)	<b>40825</b>	55031
	Total amount ( ` .in lacs)	<b>1750.86</b>	2261.27
	Rate/Unit (Rupees)	<b>4.29</b>	4.11
<b>B) CONSUMPTION PER UNIT OF PRODUCTION</b>			
	Production of Acrylic Fibre & Waste (MT)	<b>20683</b>	27912
1.)	Electricity (Units/MT)	<b>1866</b>	1636
	Cost per unit of production of Fibre ( ` ./MTs)	<b>10683</b>	7990
2)	Furnace Oil (KL/MT)		
	Rice Husk for process steam (Unit/MT)	<b>1974</b>	1972
	Cost per unit of production of Fibre ( ` ./MTs)	<b>8467</b>	8115

**II) Technology Absorption**

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

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

- a) Specific area in which R&D carried out by Company.

R & D has been carried out in the areas of improvement on product, process, cost reduction and increase in productivity.

- b) Benefits derived as a result of the above R&D

Productivity improvement, reduction of waste and development of new product varieties and increase in Carbon Credits due to R&D efforts, thereby reducing the cost of manufacturing.

- c) Further course of action.

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

- d) Expenditure on R&D ( ` .In lacs): (Capital / Recurring)

Capital :- ` .NIL (Previous year ` .NIL lacs)  
Revenue :- ` . 24.98 lacs (Previous year ` . 21.35 lacs.)



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### 2 Technology absorption, adoption and innovation

- a) Efforts in brief made towards technology absorption, adaptation & 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 ( ` in lacs)

During this year export sale has decreased from ` 174.03 Crore to ` 55.93 Crore. Exports sale is mainly affected by global economic slowdown as well as lower sales to Iran due to US sanctions. Various initiatives have been taken by the company to increase export sales. Company is working to develop more export markets also so as to increase its market share.

Used : ` 10166.47 Lacs  
(Previous year ` 10138.99 Lacs)  
Earned : ` 5491.45 Lacs  
(Previous year ` 17594.14 Lacs)

For and on behalf of Board of Directors

Place: Chandigarh  
Date : 29.05.2013

**H.K. SINGHAL**  
DIRECTOR

**R.K. GARG**  
MANAGING DIRECTOR

### 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,2013.

- NIL -

For and on behalf of Board of Directors

Place: Chandigarh  
Date : 29.05.2013

**H.K. SINGHAL**  
DIRECTOR

**R.K. GARG**  
MANAGING DIRECTOR

## 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 Vikas Pratap, 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 Vikas Pratap is the Managing Director of PSIDC, and Shri A K Mahajan is the Executive Director of PSIDC; Shri Rajeshwar K Goyal, DGM, is Circle Head, Punjab National Bank. He 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 29<sup>th</sup> May 2012, 11<sup>th</sup> August 2012, 12<sup>th</sup> November 2012 and 14<sup>th</sup> February 2013.

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 28.09.12)	No. of Directorship in other Public Companies		No. of Committee Positions held in other Public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
Shri Vikas Pratap IAS (PSIDC Nominee)	Non Executive Director / Chairman	4	-	-	-	2	-	-
Shri R K Garg	Mg. Director	4	4	-	4	1	-	-
Shri A K Mahajan (PSIDC Nominee)	Non Executive Director	4	-	-	4	4	-	-
Shri Dheeraj Garg	Additional Mg. Director	4	3	-	-	1	1	-
Prof (Dr) B B Tandon	Non Executive Director	4	4	-	-	2	-	1
Shri A S Chatha	Non Executive Director	4	4	-	-	3	-	1
Shri M M Chopra	Non Executive Director	4	3	-	-	3	-	1
Shri H K Singhal	Finance Advisor	4	4	Yes	-	6	-	7
*Mrs Kalpana Gupta	Non Executive Director	4	-	-	-	-	-	-

\* Shri Rajeshwar K Goyal, PNB Nominee has replaced Mrs Kalpana Gupta w.e.f. 29.05.2013

### 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.

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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 no 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 no 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	` 2,00,000/- per month	` .80,000/- per month	Without Remuneration
- Perquisites viz. housing accommodation, gas & electricity, traveling/ halting allowance/ medical benefits	Up to a maximum of ` .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 ₹.10000/- for each Meeting of the Board, and ₹.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
AGM	Friday	28.09.2012	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

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 12 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 Saturday the 28th day of September 2013 at Regd. Office of the Company.

## FINANCIAL CALENDER (Tentative)

Results for quarter ending June 2013	:	Second week of Aug., 2013
Results for quarter ending Sept. 2013	:	Second week of Nov., 2013
Results for quarter ending Dec. 2013	:	Second week of Feb., 2013
Results for quarter ending March 2014	:	Last week of May, 2014
Date of Book Closure	:	From 23th September 2013 to 28th September 2013
Dividend Payment Date	:	Not Applicable
Scrip Code on BSE	:	514165

## STOCK MARKET DATA

(₹ / PER SHARE)

### BOMBAY STOCK EXCHANGE

MONTH	MONTH'S HIGH	MONTH'S LOW	NO. OF SHARES	NO. OF TRADES	NET TURNOVER (₹)
April-12	2.60	2.06	257182	445	5,82,160.00
May-12	2.57	2.00	354743	464	7,78,523.00
June-12	2.97	2.16	449787	575	11,67,639.00
July-12	3.55	2.02	890723	1097	21,96,724.00
August-12	2.45	1.91	2918178	782	60,51,605.00
September-12	4.13	1.80	6264926	2934	1,88,63,645.00
October-12	4.08	3.10	1199307	1213	43,06,708.00
November-12	4.41	3.17	1315338	1100	51,26,476.00
December-12	4.24	3.17	736477	849	27,64,846.00
January-13	4.30	3.25	2207130	1610	83,57,921.00
February-13	3.60	2.40	978346	692	29,07,201.00
March-13	2.78	1.95	727324	650	17,70,723.00

## Shareholding Pattern as on 31st March 2013

Sr. No.	Particulars	No. of Shares	%age
1.	Promoters, Directors & Associates	71160699	52.59
2.	Bodies Corporate	10663063	7.88
3.	FI's & Mutual Funds	9747903	7.20
4.	NRI's	318765	0.23
5.	General Public	43431732	32.10
	Total	135322162	100.00

## Distribution of shareholding as on 31st March 2013

Share holding of		Shareholders		Share Amount	
Face Value (₹)	Face Value (₹)	Number	%age to Total	In ₹	%age to Total
10	To 5000	100108	92.35	133019440	9.83
5001	To 10000	4008	3.70	36263940	2.68
10001	To 20000	1852	1.71	30796310	2.28
20001	To 30000	672	0.62	18102270	1.34
30001	To 40000	319	0.29	11822860	0.87
40001	To 50000	424	0.39	20698200	1.53
50001	To 100000	513	0.47	40213140	2.97
100001	and Above	506	0.47	1062305460	78.50
		108402	100.00	1353221620	100.00



### **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 92.61% 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

**Place: Chandigarh**

**Dated: 29.05.2013**

**H K SINGHAL**

**DIRECTOR**

**R. K. GARG**

**MANAGING DIRECTOR**

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

Name of Director	Prof.(Dr.) B B Tandon	Sh.AK Mahajan
Date of Birth	15/09/1937	07/05/1957
Date of Appointment	23/05/2003	19/05/2008
Qualification Experience in	M.Sc. from London School of	Executive Director, PSIDC Ltd.
Specific functional areas	Economics & a Textile Technologist. He was Chairman of Ludhiana Stock Exchange. Earlier he was the Dean and Chairman of the University Business School, Panjab University, Chandigarh and Director Gian Jyoti Institute of Management & Technology, Mohali.	
Chairman/ Member of the Committee of Board of Directors of the Company.	Member of Audit Committee, Sub-Committee, Remuneration Committee and Share Holder Grievance 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 Infrastructures Ltd.	Nil
No. of shares held in the Company	Nil	Nil

## INDIAN ACRYLICS LIMITED

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### 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 31<sup>st</sup> March 2013 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 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 & Co.  
Chartered Accountants

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

Place: Chandigarh  
Dated: 29.05.2013

### 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 2013, 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 : 29.05.2013

**H K Singhal**  
Financial Advisor



## AUDITORS' REPORT

To the Members of

Indian Acrylics Limited.

We have audited the accompanying financial statements of Indian Acrylics Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - b) in the case of the Profit and Loss Account, of the profits for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  2. As required by section 227(3) of the Act, we report that:
    - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from

our examination of those books

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

Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For S.C. Dewan & Co.  
Chartered Accountants  
FRN: 000934N

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

Place: Chandigarh  
Date: 29.05.2013

### **The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Indian Acrylics Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
  - (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) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans,

## INDIAN ACRYLICS LIMITED

- secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
- (e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (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, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31<sup>st</sup> of March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are some demands/claims disputed by the company as per details given below:

Nature of the Dues	Amount ( . In Lakhs)	Forum where dispute is pending	Period to which amount relates
<b>Sales Tax</b>	78.68	Supreme Court	2002-03
<b>Excise Duty</b>	2.40	Commissioner, (Appeals) Excise	Various years from 2006-07 to 2010-11
	2.81	Asstt. / Dry. Commissioner (Excise)	2002-03
	16.73	Cestat	Various years from 2005-06 to 2009-10
	100.49	Additional Commissioner (Excise)	2001-02 & 2002-03 & 2005-08
	314.95	Supreme Court	2004-05
<b>Custom Duty</b>	29.37	Additional Commissioner (Customs)	Various years from 2000-01 to 2003-04
	17.79	Cestat	2003-04 & 2004-05

10. The Company has accumulated losses at the end of the financial year. However, the Company has not incurred any cash losses during the financial year under consideration nor in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31<sup>st</sup> March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For S.C. Dewan & Co.  
Chartered Accountants  
FRN: 000934N  
**S.C. Dewan**  
Partner  
M.No. : 15678

Place: Chandigarh  
Date: 29.05.2013



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

PARTICULARS	NOTE NO.	AS AT 31/03/2013 (` in lacs)	AS AT 31/03/2012 (` in lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	13,532.22	13,532.22
(b) Reserves & Surplus	2	<u>(7,227.37)</u>	<u>(7,644.23)</u>
<b>Total (1)</b>		<b>6,304.85</b>	<b>5,887.99</b>
<b>(2) Share application money pending allotment</b>			
<b>(3) Non- Current Liabilities</b>			
(a) Long-Term borrowings	3	326.76	695.33
(b) Deferred Tax Liabilities (Net)			
(c) Other Long Term Liabilities (Inter Corporate Loans)		1,543.12	931.00
(d) Long Term Provisions			
<b>(4) Current Liabilities</b>			
(a) Short-Term borrowings	4	964.81	1,161.49
(b) Buyer Credits	5	2,581.67	1,473.38
(c) Trade payable	5	12,137.49	14,152.74
(d) Other Current Liabilities	5	1,067.32	877.10
(e) Short-Term Provisions	5	351.13	545.56
<b>Total (4)</b>		<b>17,102.42</b>	<b>18,210.27</b>
<b>Total (1 to 4)</b>		<b>25,277.15</b>	<b>25,724.59</b>
<b>II ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
Gross Block	6	41,313.64	41,216.20
Less: Depreciation		<u>32,301.18</u>	<u>31,652.95</u>
Net Block		9,012.46	9,563.25
Capital Work-in-Progress (including advances on capital account)		<u>202.10</u>	<u>135.70</u>
		9,214.56	9,698.95
(b) Non-Current Investments			
(c) Deferred Tax Assets (Net)			
(d) Long Term Loans and Advances			
(e) Other Non-Current assets (Security Deposits)		100.34	110.62
<b>(2) Current Assets</b>			
<b>(a) Current Investments</b>			
(b) Inventories	7	10,810.86	10,588.78
(c) Trade Receivables	8	2,934.27	3,928.11
(d) Cash and Bank Balances	9	703.95	784.49
(e) Short-Term Loans and Advances	10	1,301.27	471.20
(f) Other Current Assets	11	211.90	142.44
<b>Total (2)</b>		<b>15,962.25</b>	<b>15,915.02</b>
<b>Total (1+2)</b>		<b>25,277.15</b>	<b>25,724.59</b>

**Notes on Accounts** 16

### AUDITORS' REPORT

Certified in terms of our separate report of even date annexed.

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

Place : CHANDIGARH  
Dated : 29.05.2013

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

**R.K. GARG**  
Mg. Director  
**H.K. SINGHAL**  
Financial Advisor

**RAJESHWAR GOYAL**  
**B.B. TANDON**  
Directors  
**B.K. GUPTA**  
Company Secretary

## INDIAN ACRYLICS LIMITED

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

PARTICULARS	NOTE NO.	AS AT 31/03/2013 (` . in lacs)	AS AT 31/03/2012 (` . in lacs)
I. Revenue from Operations	12	<b>38,753.72</b>	50,073.50
II. Other Income	13	<b>518.00</b>	536.52
<b>III Total Revenue (I+II)</b>		<b>39,271.72</b>	50,610.01
IV. Expenses:			
Cost of Materials Consumed	14	<b>22,169.19</b>	31,263.98
Purchase of Stock-in-Trade	14	<b>4,473.79</b>	9,677.82
Change in Inventories of Finished Goods, work-in-Progress and Stock-in-Trade	14	<b>2,942.53</b>	(72.84)
Employee benefit Expense	14	<b>1,467.97</b>	1,177.76
Other Expenses	14	<b>6,048.01</b>	7,102.59
Financial Costs	15	<b>1,902.55</b>	1,253.39
Depreciation and amortization expense		<b>648.22</b>	975.85
<b>Total Expenses</b>		<b>39,652.26</b>	51,378.55
V. Profit / (Loss) before exceptional and Extraordinary Items and Tax (III - IV)		<b>(380.54)</b>	(768.54)
VI. Extra ordinary Items			
Write backs of Interest Provisions		-	786.07
Claims Settled		<b>814.49</b>	-
Prior Period Adjustment		<b>(17.10)</b>	14.83
VII. Profit / (Loss) before Tax (V - VI)		<b>416.85</b>	32.36
VIII. Tax Expense:			
Income Tax (MAT)		-	-
IX. Profit / (Loss) from the period from continuing operations VII - VIII)		<b>416.85</b>	32.36
Earning / (Loss) per share - Basic and Diluted (` .)		<b>0.31</b>	0.02
Weighted average number of shares		<b>134928719</b>	134928719

#### AUDITORS' REPORT

Certified in terms of our separate report of even date annexed.

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

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

**R.K. GARG**  
Mg. Director  
**H.K. SINGHAL**  
Financial Advisor

**RAJESHWAR GOYAL**  
**B.B. TANDON**  
Directors  
**B.K. GUPTA**  
Company Secretary

Place : CHANDIGARH  
Dated : 29.05.2013

## CASH FLOW STATEMENT FOR 31ST MARCH, 2013

	CURRENT YEAR	(₹. in Lacs) PREVIOUS YEAR
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	(380.54)	(768.54)
ADJUSTMENT FOR :		
i) ADD : DEPRECIATION	648.22	975.85
ii) ADD : INTERST & FINANCIAL CHARGES EXPENSES	1,902.55	1,253.39
LESS : INCOEME TAX (MAT)	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,170.23	1,460.70
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	163.76	731.95
INVENTORIES	(222.08)	1,862.24
TRADE PAYABLES / CURRENT LIABILITIES	(739.20)	(639.47)
CASH GENERATED FROM OPERATIONS	1,372.71	3,415.41
CASH FLOW BEFORE EXTRAORDINARY ITEMS		
EXTRAORDINARY ITEMS / PRIOR PERIOD ADJUSTMENT	797.39	14.83
NET CASH FROM OPERATING ACTIVITIES	2,170.10	3,430.24
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
PURCHASE OF FIXED ASSETS	164.30	241.04
SALE OF USED CAR	0.45	0.45
NET CASH USED IN INVESTING ACTIVITIES	163.85	240.59
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
INTEREST & FINANCIAL CHARGES PAID	1,902.55	1,253.39
PROCEEDS FROM ISSUE OF FRESH SHARE CAPITAL	0.00	400.00
TERM LOANS REPAYMENTS	540.53	2,231.81
UNSECURED LOAN (INTER CORPORATE LOANS) PAID/(RECEIVED)	(612.12)	219.00
NET CASH USED IN FINANCING ACTIVITIES	1,830.96	3,304.20
<b>D. NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES</b>		
CASH AND BANK BALANCES (OPENING BALANCE)	(123.94)	(9.40)
CASH AND BANK BALANCES (CLOSING BALANCE)	51.37	(123.94)

### 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, 2013 and found the same in agreement therewith.

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

Place : CHANDIGARH  
Dated : 29.05.2013

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

**R.K. GARG**  
Mg. Director  
**H.K. SINGHAL**  
Financial Advisor

**RAJESHWAR GOYAL**  
**B.B. TANDON**  
Directors  
**B.K. GUPTA**  
Company Secretary

## INDIAN ACRYLICS LIMITED

### NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

PARTICULARS	AS AT 31.03.2013 (` .in Lacs)	AS AT 31.03.2012 (` .in Lacs)
-------------	-------------------------------------	-------------------------------------

#### NOTE NO. '1' SHARE CAPITAL

##### AUTHORISED

1500 Lac (Previous Year 1500 Lac)

Equity Shares of ` .10/- each

**15,000.00**

**15,000.00**

##### ISSUED, SUBSCRIBED AND PAID UP

135322162 Equity Shares of ` .10/- each

fully paid up. (Previous year 135322162)

**13,532.22**

**13,532.22**

**Total**

**13,532.22**

**13,532.22**

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

1. SHRI DHEERAJ GARG	10,965,889	8.10	10,965,889	8.10
2. IFCI LTD	9,515,753	7.03	11,561,150	8.54
3. SAB INDUSTRIES LTD	14,793,772	10.93	14,793,772	10.93
4. SAB UDYOG LTD	16,880,646	12.47	16,880,646	12.47
5. PSIDC LTD	18,330,000	13.55	18,330,000	13.55

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

##### 1. Capital Reserves

Opening Balance

2,171.19

-

Add: Write backs as per OTS with IDBI

-

2,171.19

**Total**

**2,171.19**

**2,171.19**

##### 2. Securities Premium Reserves

39.23

39.23

##### 3. Other - General Reserves

80.00

80.00

##### 4. Debit balance of Profit & Loss Account

- Opening Balance

(9,934.65)

(9,967.01)

- Add: Profit for the year

416.85

32.36

- Total

(9,517.79)

(9,934.65)

**Total**

**(7,227.37)**

**(7,644.23)**

#### NOTE NO. '3' LONG TERM BORROWING

##### SECURED LOANS

###### From Banks

Rupee Term Loans

-

67.61

-

218.67

Foreign Currency Loans

326.76

326.76

695.33

347.66

**Total (A)**

**326.76**

**394.37**

695.33

566.33

The Term Loans from banks are secured by mortgage created on all the immovable assets of the Company, hypothecation of all the moveable assets including movable machinery, machinery parts, tools and accessories and other movables, (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 Sh.R.K.Garg, Managing Director, Sh.Dheeraj Garg, Additional Managing Director and Mrs. Sunena Garg.

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

##### SECURED LOANS

Cash Credit Account

-

**964.81**

-

1,161.49

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 and also by a second charge on the fixed assets of the company and further guaranteed by Sh.R.K.Garg, Managing Director, Sh.Dheeraj Garg, Additional Managing Director and Mrs. Sunena Garg and also by Indlon Chemicals Limited.

PARTICULARS	AS AT	AS AT
	31.03.2013 (.in Lacs)	31.03.2012 (.in Lacs)

**NOTE NO. '5' CURRENT LIABILITIES & PROVISIONS**

(a) Buyer Credits	2,581.67	1,473.38
(b) Trade Payable		
-For Purchases - SME Units #	42.67	2.54
- Others	11,403.95	13,430.60
-For Capital Goods	53.28	64.90
-Expenses Payable	637.59	654.70
<b>Total</b>	<b>12,137.49</b>	<b>14,152.74</b>
(c) Other Current Liabilities		
1) Current Maturity of Long Term debt *	394.37	566.33
2) Interest accrued & due to banks	6.27	12.10
3) Cheques Issued But Not Yet Presented for Payment	166.82	98.91
4) Other Payables **	499.86	199.76
<b>Total</b>	<b>1,067.32</b>	<b>877.10</b>
(d) Short Term Provisions		
-Provisions for Gratuity & Earned Leaves	179.65	141.05
-Provisions for Excise Duty on Finished Goods	98.91	300.32
-Provision for Others	72.57	104.19
<b>Total</b>	<b>351.13</b>	<b>545.56</b>
<b>G.Total</b>	<b>16,137.62</b>	<b>17,048.78</b>

\* Details are given in Note No.3.

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

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

**NOTE NO. '6' FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost As At 31.03.2012 (.in Lacs)	Additions (.in Lacs)	Sale (.in Lacs)	Cost As At 31.03.2013 (.in Lacs)	Upto 31.03.2012 (.in Lacs)	For the year (.in Lacs)	Upto 31.03.2013 (.in Lacs)	As At 31.03.2013 (.in Lacs)	As At 31.03.2012 (.in Lacs)
A. Land	265.20	-	-	265.20	-	-	-	265.20	265.20
B. Site Development	335.58	-	-	335.58	-	-	-	335.58	335.58
C. Building									
i. Factory	6,030.22	8.12	-	6,038.34	2,951.59	176.18	3,127.78	2,910.56	3,078.61
ii. Housing Colony	301.92	-	-	301.92	91.15	4.30	95.45	206.47	210.78
D. Plant & Machinery	32,769.46	24.77	-	32,794.23	27,624.02	406.07	28,030.09	4,764.14	5,145.44
E. Electrical Installation	780.06	44.70	-	824.76	426.02	31.32	457.33	367.43	354.04
F. Tubewell	27.21	14.59	-	41.79	5.41	0.45	5.86	35.93	21.79
G. Weigh Bridge	11.27	-	-	11.27	9.81	0.47	10.28	1.00	1.45
H. Tools & Implements	33.01	-	-	33.01	29.31	0.45	29.76	3.25	3.70
I. Furniture / Fixture & Office Equipment	457.80	5.71	-	463.52	376.46	14.29	390.75	72.77	81.36
J. Vehicles	204.46	-	0.45	204.02	139.18	14.70	153.88	50.14	65.28
Total (.)	41,216.20	97.90	0.45	41,313.64	31,652.95	648.22	32,301.18	9,012.46	9,563.24
Previous Year	40,947.28	269.38	0.45	41,216.20	30,677.10	975.85	31,652.95	9,563.24	10,270.20

**CAPITAL WORK IN PROGRESS**

	AS AT	AS AT
	31.03.2013 (.in Lacs)	31.03.2012 (.in Lacs)
1. Advance to Capital Goods Suppliers	187.83	135.70
2. Building / Plant & Machinery Under Erection /Installation	14.27	-
<b>Total</b>	<b>202.10</b>	<b>135.70</b>

Depreciation for current year has been provided for 319 days on one line & for 12 days on second line (Previous Year 304 days) on rates prescribed in schedule xiv of Companies Act as plant was under shutdown for remaining period.



## INDIAN ACRYLICS LIMITED

PARTICULARS	AS AT 31.03.2013 (` .in Lacs)	AS AT 31.03.2012 (` .in Lacs)
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### NOTE NO. '7' INVENTORIES

(As taken valued and certified by the Management)  
(At lower of cost or estimated realisable value)

1. Raw Materials	1,134.00	629.51
2. Raw Material at Port	5,528.43	19.07
3. Raw Material in High Seas Transit	-	3,111.89
4. Raw Material in Inland Transit	118.78	62.19
5. Consumable Stores	857.80	651.73
6. Stock in Process	804.54	681.38
7. Finished Goods	2,367.31	5,433.00
<b>Total</b>	<b>10,810.86</b>	<b>10,588.78</b>

### NOTE NO. '8' TRADE RECEIVABLE

(Unsecured and considered good unless otherwise stated) Outstanding for a period exceeding six months

Less: Provision for bad & doubtful debts	8.93	8.92
	48.37	7.14
Others - Considered good	2,885.90	3,920.97
<b>Total</b>	<b>2,934.27</b>	<b>3,928.11</b>

Trade receivable include a sum of ` .231 Lacs (Previous year ` .240 lacs), maximum during the year ` .257 lacs (Previous year ` .240 lacs) receivable from Indlon Chemicals Ltd., a subsidiary company under the provisions of section 4(1)(a) of the Companies Act, 1956.

### NOTE NO. '9' CASH & BANK BALANCES

Cash-in-Hand	26.26	5.14
Cheques and Drafts in Hand pending Collection	3.66	73.97

#### WITH SCHEDULED BANK

In current account	15.70	16.57
Fixed Deposit Receipts (Under bank lien)	658.33	688.81
<b>Total</b>	<b>703.95</b>	<b>784.49</b>

### NOTE NO. '10' SHORT TERM LOANS & ADVANCES

(Unsecured considered good)  
Advance recoverable in Cash or in kind or for value to be received

Cenvat Balance	8.02	59.75
Other Advances	1,293.25	411.45
<b>Total</b>	<b>1,301.27</b>	<b>471.20</b>

### NOTE NO. '11' OTHER CURRENT ASSETS

Interest Receivable	124.39	72.44
Prepaid Expenses	56.58	41.02
Tax Deducted At Source	30.93	28.98
<b>Total</b>	<b>211.90</b>	<b>142.44</b>

PARTICULARS	AS AT 31.03.2013 (` .in Lacs)	AS AT 31.03.2012 (` .in Lacs)
-------------	-------------------------------------	-------------------------------------

**NOTE NO. '12' REVENUE FROM OPERATIONS**

**i) GROSS SALES**

- Domestic	36,595.91	35,441.08
- Export	<u>5,592.65</u>	<u>17,402.50</u>
- Total	42,188.56	52,843.58
- Less: Excise Duty	<u>3,434.84</u>	<u>2,770.08</u>
- NET SALES	<u>38,753.72</u>	<u>50,073.50</u>

**NOTE NO. '13' OTHER INCOME**

i) Sale of Scrap	63.17	73.48
ii) Interest Received on Fixed Deposits with Banks & on Income Tax Refund	84.29	114.17
iii) Agricultural Income	4.03	6.10
iv) Sale of Certified Emission Reductions*	64.97	191.21
v) Sale of Power	56.28	35.87
vi) Others Misc Income	245.26	115.69
<b>Total</b>	<u>518.00</u>	<u>536.52</u>

\* Amount actually received from sale of Certified Emission Carbon Credits has been accounted as Income in the Profit & Loss Account. Further 36723 CERs are issued and pending for sale as at 31.03.2013 (Previous Year - 29274 CERs). For another 22000 approx CERs (Previous Year 36614 CERs) monitoring reports is being finalised & these are in process of issuance. These will be taken as Income in Profit & Loss Account as and when sold.

**NOTE NO. '14' MANUFACTURING & OTHER EXPENSES**

**1. COST OF MATERIALS CONSUMED**

Imported Raw Material	13,734.05	24,120.05
Indegenous Raw Material	<u>8,435.14</u>	<u>7,143.93</u>
<b>Total</b>	<u>22,169.19</u>	<u>31,263.98</u>

**2. PURCHASE OF STOCK-IN-TRADE**

Purchase of Goods Traded & Yarn Charges	4,473.79	9,677.82
---	----------	----------

**3. CHANGE IN INVENTORIES OF FINISHED GOODS,  
WORK IN PROGRESS AND STOCK IN TRADE**

Opening Stock		
Finished Goods		
-Own Manufactured	2,730.10	5,077.54
-Trading	2,702.90	138.92
Stocks In Process	<u>681.38</u>	<u>825.09</u>
<b>Total</b>	<u>6,114.38</u>	<u>6,041.55</u>
Closing Stock		
Finished Goods		
-Own Manufactured	899.12	2,730.10
-Trading	1,468.19	2,702.90
Stocks In Process	<u>804.54</u>	<u>681.38</u>
	<u>3,171.85</u>	<u>6,114.38</u>
(Increase)/Decrease In Stock	2,942.53	(72.84)

## INDIAN ACRYLICS LIMITED

PARTICULARS	AS AT 31.03.2013 (` .in Lacs)	AS AT 31.03.2012 (` .in Lacs)
<b>4. EMPLOYEE COST</b>		
Salary & Other Allowances	1,102.87	875.90
Contribution to PF & Other Funds	123.77	93.52
Staff Welfare	136.45	102.98
Staff Training & Recruitment	10.75	8.86
Gratuity	25.78	21.69
<b>Managerial Remuneration</b>		
Salary	33.60	35.60
Perquisites / Sitting Fee	30.72	34.94
Contribution towards Provident Fund	4.03	4.27
	<u>1,467.97</u>	<u>1,177.76</u>
<b>5. OTHER EXPENSES</b>		
<b>MANUFACTURING COST</b>		
Power & Fuel	4,056.70	4,558.60
Repair & Maintenance	141.66	126.46
Stores ,Spares & Consumables	560.87	821.76
Factory Expenses	266.87	245.99
	<u>5,026.09</u>	<u>5,752.82</u>
<b>ADMINISTRATIVE COST</b>		
Rent	153.49	137.82
Rates & Taxes	9.23	25.43
Auditors Remuneration		
Audit Fee including Tax Audit Fee	7.00	7.00
Certification Charges	2.00	2.00
<b>Advertisements &amp; Publicity</b>	<b>0.88</b>	<b>0.34</b>
Insurance	25.57	42.93
Travelling Expenses - Foreign		
- Directors	11.19	27.84
- Others	31.56	44.02
Travelling Expenses - Inland		
- Directors	4.13	2.82
- Others	78.45	72.09
Miscellaneous Expenses	307.92	280.67
	<u>631.42</u>	<u>642.97</u>
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
- Freight Outward	120.15	110.35
- Commission	-	2.06
- Others	14.60	18.05
Export Expenses		
- Commission	47.04	50.29
- Freight Forwarding & Clearing Expenses	208.71	526.05
	<u>390.50</u>	<u>706.80</u>
<b>Total (5) :-</b>	<u><b>6,048.01</b></u>	<u><b>7,102.59</b></u>
<b>G.Total :-</b>	<u><b>37,101.49</b></u>	<u><b>49,149.31</b></u>
<b>NOTE NO. '15' INTEREST &amp; FINANCIAL EXPENSES</b>		
1. Interest on Term Loans	100.35	214.59
2. Working Capital interest & Bank Charges	863.12	939.43
3. Exchange Fluctuation	939.08	99.37
<b>Total</b>	<u><b>1,902.55</b></u>	<u><b>1,253.39</b></u>

**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:

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 :

## INDIAN ACRYLICS LIMITED

	As at 31.03.2013 (` in Lacs)	As at 31.03.2012 (` in Lacs)
a) Letters of Credit outstanding for Import of Raw materials / Spares	Nil	42.86
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.	437.38	463.20
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 *	557.00	511.00
* There was an Arbitration award dated 16.03.2002 of US\$ 10.22 Lacs, approx ` .557 lacs,(Previous Year ` .511 lacs) and interest against the company awarded by Arbitration Panel in the favour of E.I. Dupont (USA). This arbitration award has been dismissed during the year by the Hon`ble High Court. E.I.Dupont (USA) has filed an appeal against this decision. The case has not yet reached its finality and the matter is now Sub-Judice. 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 capital account and not provided for in the Books of Accounts (Net of Advance).	` .1598.74 lacs	` .281.87 lacs
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 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.		
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 ` . 2241.65 lacs as at 31.03.2013 (including ` . 2123.06 lacs upto 31.03.2012) 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:-		

(` in lacs)

	As at 1st April, 12	For the year 2012-2013	As at 31st Mar,13
<b>Deferred Tax Assets being tax impact thereon</b>			
(i) Tax on unabsorbed losses and / or depreciation carried forward as per Income tax laws.	3217.45	127.86	3345.31
(ii) Tax on expenses charged in the books, but allowance deferred under Income tax laws	20.51	12.04	32.55
Total :	3237.96	139.90	3377.86
<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.	1114.90	21.31	1136.21
(ii) Others	-	-	-
Net Deferred Tax Asset	2123.06	118.59	2241.65

## 10. EARNING PER SHARE (EPS)

Basic/Diluted Earning Per Share

		Current Year (₹ in lacs)	Previous Year (₹ in lacs)
Profit / (Loss) after tax as per profit & loss account		416.85	32.36
Less : Dividend and tax thereon in respect of preference shares		-	-
Profit available for the shareholders	(A)	416.85	32.36
No. of equity shares	(B)	135322162	134928719
Earning / (Loss) per share (₹) (basic & Diluted)	(A/B)	0.31	0.02
Nominal value per equity share		₹ 10.00	₹ 10.00

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

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

- 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.
- 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:-

Particulars	Subsidiaries Company	Key Management Personnel (KMP)	Enterprises over which KMP is able to exercise significant influence	(₹ in Lacs)	
				Total for Current Year	Total for Previous Year
Purchase of Fixed Assets	NIL	NIL	NIL	NIL	₹ 8.33
Purchase of goods (net)	NIL	NIL	NIL	NIL	NIL
Recoverable at end of the year	₹ 2.31	NIL	NIL	₹ 2.31	₹ 2.40
Services availed	NIL	NIL	₹ 10.56	₹ 10.56	₹ 10.91
Civil Construction & Maintenance	NIL	NIL	NIL	NIL	NIL
Lease Rent paid	NIL	NIL	₹ 10.68	₹ 10.68	₹ 17.88
Management Contracts (Salaries)	NIL	₹ 68.35	NIL	₹ 68.35	₹ 74.81
Remuneration paid to relatives of KMP during the year.				₹ 2.25	₹ 1.53
Amounts written off or written back in the period in respect of debts due from or to related parties.				NIL	NIL

### Note:

- Subsidiary Company : Indlon Chemicals Ltd
- Key Management Personnel : Mr.R.K.Garg  
(Whole time Directors) Managing Director
- Enterprises over which Key Management personnel (KMP) are able to exercise significant control and with whom transactions have taken place during the year:
  - SAB Industries Ltd.
  - Steel Strips Ltd.
  - Malwa Chemtex Udyog Ltd.
  - Steel Strips Wheels Ltd
  - Steel Strips Infrastructures Ltd.
- 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.

## INDIAN ACRYLICS LIMITED

### 14. DETAIL OF PROVISIONS AS PER AS-29

	Employee Benefits (Gratuity Earned Leave)	Excise duty on Finished Goods lying in stocks	Doubtful Debts.	Others
Balance at April 1, 2012	141.05	300.32	8.93	104.19
Provision made during the year	35.60	98.91	-	
Provision written off/ back during the period	-	300.32	-	31.61
Balance at March 31, 2013	176.65	98.91	8.93	72.58

\*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 2012-13 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 ₹. 35.28 lacs (previous year ₹. 127.39 lacs). The future minimum lease payments in respect of the non-cancellable operating leases as at 31<sup>st</sup> March 2013 are:

S.No.	Particulars	As at 31.03.13	As at 31.03.12
a)	not later than one year	<b>22.43</b>	82.22
b)	later than one year but not later than five year	<b>12.85</b>	28.75
c)	later than Five year	-	-

17. Following the order of Hon'ble High Court dated 30.08.2012, company has filed a Execution Petition before the court on 14.01.2013 praying therein for attachment of bank account and other assets of M/s E.I. Dupont of USA to realize its claim of US\$ 5 lacs plus interest thereon amounting to US\$ 9.75 lacs from the date of award (16.03.2002) till the date of petition (14.01.2013). The total amount of company claim as already decreed by the court under the arbitration and Conciliation Act 1996 comes to ₹. 814.49 lacs. The management of the company confident of recovery of these claims, so the same has been considered as Extra Ordinary item of Income in the Profit & Loss Account for the current year.

### 18. 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	2012-2013 Qty.(MT)	2011-2012 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>20535</b>	27566
	Acrylic Fibre Waste	<b>148</b>	346

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

	CURRENT YEAR		PREVIOUS YEAR	
	Qty.(MT)	Value (₹.in Lacs)	Qty.(MT)	Value (₹.in Lacs)
<b>4) Raw Material consumed</b>				
i) Acrylonitrile	<b>19189</b>	<b>19534.39</b>	25711	28033.56
ii) Dimethyl Formamide	<b>698</b>	<b>448.05</b>	916	478.85
iii) Methyl Acrylate	<b>52</b>	<b>80.34</b>	240	240.66
iv) V.A.M	<b>1366</b>	<b>804.79</b>	1632	937.14
iv) Others	-	<b>1301.62</b>	-	1573.77



**5) Stock & Sales of goods produced**

i) Opening Stock				
Acrylic Fibre	1716	2725.71	3449	5025.73
Acrylic Fibre Waste	8	4.39	90	51.81
ii) Closing Stock				
Acrylic Fibre	512	892.52	1716	2725.71
Acrylic Fibre Waste	10	6.60	8	4.39
iii) Sales				
Acrylic Fibre	21739	36023.50	29299	45426.34
Acrylic Fibre Waste	146	131.12	428	272.30

**6) Purchase, Sale and stocks of goods traded in (Acrylic Yarn / Fibre)**

i) Opening Stock	1380	2702.90	91	138.91
ii) Purchase	2412	4473.79	5116	9677.82
iii) Sale	3055	6033.94	3825	7144.94
iv) Capitive	-	-	2	-
v) Closing Stock	737	1468.19	1380	2702.90

**B) CIF Value of imported goods**

a) Raw Material	11609.61	20566.91
b) Components & Spare parts	161.72	141.10

**C) Consumption of Raw-Materials & Stores and spares**

i) Raw Material	%age	(` in Lacs)	%AGE	(` in Lacs)
a) Indigenous	38.05	8435.15	22.85	7143.93
b) Imported	61.95	13734.05	77.15	24120.05

ii) Store and Spares

a) Indigenous	51.51	288.90	76.58	629.35
b) Imported	48.49	271.97	23.42	192.41

**D) Expenditure in Foreign Currency**

		<b>Current Year</b>	<b>Previous Year</b>
a) Directors Travelling		9.51	16.46
b) Staff Travelling		16.09	21.54

**E) Earnings in Foreign Exchange**

		5491.45	17594.14
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**F) - F.O.B Value of Export**

		5491.45	17594.14
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**G) Expenditure on Employees**

i) Employees drawing remuneration of not less than ` . 60,00,000/- per annum (previous year ` . 60,00,000/-) and employed throughout the year :			
- No. of Employees		Nil	Nil
- Salaries and Allowances (` . in Lacs)		Nil	Nil
- Contribution to Provident & Other Fund (` . in Lacs)		Nil	Nil
ii) Employees drawing remuneration not less than ` . 5,00,000/-per month (Previous year ` . 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  
(Regn. No. 000934N)

Place : CHANDIGARH  
Dated : 29.05.2013

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

**R.K. GARG**  
Mg. Director  
**H.K. SINGHAL**  
Financial Advisor

**RAJESHWAR GOYAL**  
**B.B. TANDON**  
Directors  
**B.K. GUPTA**  
Company Secretary

## INDIAN ACRYLICS LIMITED

### 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, 2013
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 within the Holding Company's accounts:	
(i) For the financial years ended 31.03.2013.	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 31.03.2013.	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  
(Regn. No. 000934N)

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

Place : CHANDIGARH  
Dated : 29.05.2013

**R.K. GARG**  
Mg. Director  
**H.K. SINGHAL**  
Financial Advisor

**RAJESHWAR GOYAL**  
**B.B. TANDON**  
Directors  
**B.K. GUPTA**  
Company Secretary

## DIRECTORS' REPORT

To The Members,

The Directors of your company have pleasure in presenting the 26<sup>th</sup> Annual Report of the company together with Audited Accounts for the financial year ending 31<sup>st</sup> March 2013.

## PERFORMANCE

	(₹ in thousands)	
	31.03.2013	31.03.2012
Sales & other Income	-	-
Financial costs	0.52	0.82
Administrative cost	12.04	12.27
Prior period adjustments	-	-
Provision for Tax	-	-
Net Profit/(Loss) after tax	(12.55)	(13.09)

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 M L Jain retire by rotation and, being eligible, offer themselves for re-appointment.

## 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<sup>th</sup> May, 2013    DIRECTOR    EXECUTIVE DIRECTOR

# INDLON CHEMICALS LIMITED

## AUDITORS' REPORT

To the Members of

Indlon Chemicals Limited.

We have audited the accompanying financial statements of INDLON CHEMICALS LIMITED, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; and
- b) in the case of the Profit and Loss Account, of the profits for the year ended on that date;
1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the A c t , we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) the Balance Sheet & Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet & Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For S. C. Dewan & Co.  
Chartered Accountants  
FRN: 000934N

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

Place: Chandigarh  
Date: 29.05.2013

### **The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Indlon Chemicals Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2013.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company is not holding any fixed assets. Therefore, the reporting requirements under the clauses are not
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (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) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company. (e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, 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 deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that these are not applicable to the Company.
9. (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, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31<sup>st</sup> of March, 2013 for a period of more than six months from the date they became payable.
- (b) 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, 2013. there are some demands/claims disputed by the company as per details given below.
10. The Company has been registered for a period of more than five years, having existing share capital of ₹. 5.00 lacs. Its accumulated losses at the end of the financial year amounts to ₹. 6.34 lacs. There is cash loss in the financial year under review.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
15. According to the information and explanations given to us, the Company has given corporate guarantee for loans taken by its holding company from banks. The terms are not prejudicial to the interest of the company.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31<sup>st</sup> March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For S.C. Dewan & Co.  
**Chartered Accountants**  
 FRN: 000934N

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

Place: Chandigarh  
 Date: 29.05.2013

## INDLON CHEMICALS LIMITED

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

PARTICULARS	NOTE No.	AS AT 31.03.2013 (` in Thousand)	AS AT 31.03.2012 (` 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>(633.99)</u>	<u>(621.44)</u>
	<b>Total (1)</b>	<b><u>(133.99)</u></b>	<b><u>(121.44)</u></b>
<b>(2) Non- Current Liabilities</b>			
	<b>Total (2)</b>	<u>-</u>	<u>-</u>
<b>(3) Current Liabilities</b>			
(a) Trade payable	3	242.63	251.13
	<b>Total (3)</b>	<u>242.63</u>	<u>251.13</u>
	<b>Total (1 to 3)</b>	<b><u>108.64</u></b>	<b><u>129.69</u></b>
<b>II. CURRENT ASSETS</b>			
(a) Inventories	4	2.10	2.10
(b) Cash and Bank Balances	5	106.54	127.59
	<b>Total</b>	<b><u>108.64</u></b>	<b><u>129.69</u></b>

**Notes on Accounts** 9

### PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

I. Revenue from Operations	-	-
II. Other Income	-	-
<b>III Total Revenue (I+II)</b>	<u>-</u>	<u>-</u>
<b>IV. Expenses:</b>		
<b>Other Expenses</b>	6	12.04
Financial Costs	7	0.52
<b>IV Total Expenses</b>		<u>12.55</u>
V. Profit / (Loss) (III-IV)		<u>(12.55)</u>
Earning / (Loss) per share - Basic and Diluted (`)		<u>(0.25)</u>
Weighted average number of shares		<u>50000</u>

#### AUDITORS' REPORT

Certified in terms of our separate report of even date annexed.

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

Place : CHANDIGARH  
Dated : 29.05.2013

**S.C. Dewan**  
Partner

**S. Kansal**  
Executive Director

**H.K. Singhal**  
Director

## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

PARTICULARS	AS AT 31.03.2013 (` in Thousand)	AS AT 31.03.2012 (` in Thousand)
-------------	--	--

### NOTE NO. '1' SHARE CAPITAL

#### AUTHORISED

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

### NO OF SHARES HELD BY SHAREHOLDERS HOLDING 5 % & ABOVE:-

PARTICULARS	AS AT <u>31.03.2013</u>	%AGE <u>HELD</u>	AS AT <u>31.03.2012</u>	%AGE <u>HELD</u>
1. Malwa Chetex Udyog Ltd.	<b>24,950</b>	<b>49.90</b>	24,950	49.90
2. Steel Strips Tube Investment Ltd.	<b>24,950</b>	<b>49.90</b>	24,950	49.90

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

Debit balance of Profit & Loss Account		
- Opening Balance	<b>(621.44)</b>	(608.35)
- Add: Profit (Loss) for the year	<b>(12.55)</b>	(13.09)
<b>Total</b>	<u><b>(633.99)</b></u>	<u><b>(621.44)</b></u>

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

#### (a) Trade Payable

-For Purchases - Others	<b>231.40</b>	239.90
-Expenses Payable	<b>11.24</b>	11.24
<b>Total</b>	<u><b>242.63</b></u>	<u><b>251.13</b></u>

### NOTE NO. '4' INVENTORIES

(As taken valued and certified by the Management)

(At lower of cost or estimated realisable value)

1. Raw Materials	<b>787.10</b>	787.10
2. Finished Goods	<b>2.10</b>	2.10
<b>Total</b>	<u><b>789.20</b></u>	<u><b>789.20</b></u>
Less Provisions		
For Stocks lying with third parties	<b>787.10</b>	787.10
<b>Total</b>	<u><b>2.10</b></u>	<u><b>2.10</b></u>



## INDLON CHEMICALS LIMITED

PARTICULARS	AS AT 31.03.2013 (` . in Thousand)	AS AT 31.03.2012 (` . in Thousand)
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### NOTE NO. '5' CASH & BANK BALANCES

#### WITH SCHEDULED BANK

In current account	106.54	127.59
<b>Total</b>	<u>106.54</u>	<u>127.59</u>

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

(Unsecured considered good)

Advance recoverable in Cash or in kind  
or for value to be received

Other Advances	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

### NOTE NO. '7' MANUFACTURING & OTHER EXPENSES

#### 1. COST OF MATERIALS CONSUMED

Opening Stock	787.70	787.70
Add:Purchases	-	-
Total	<u>787.70</u>	<u>787.70</u>
Less:-Closing Stock	<u>787.70</u>	<u>787.70</u>
Cost of Material Consumed during the year	<u>-</u>	<u>-</u>

#### 2. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Opening Stock	2.10	2.10
Closing Stock	<u>2.10</u>	<u>2.10</u>
<b>(Increase)/Decrease in Stock</b>	<u>-</u>	<u>-</u>

#### 3. ADMINISTRATIVE COST

Audit Fee	11.24	11.24
Miscellaneous Expenses	<u>0.80</u>	<u>1.03</u>
<b>Total</b>	<u>12.04</u>	<u>12.27</u>

### NOTE NO. '8' INTEREST & FINANCIAL EXPENSES

1. Bank Charges	0.52	0.82
<b>Total</b>	<u>0.52</u>	<u>0.82</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 Banks of M/s Indian Acrylics Ltd. for a sum of upto ₹. 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 7 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 stock includes a sum of ₹. 787.70(in thousands) (Previous year ₹.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 ₹.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 (₹. In Thousands)	Qty (MT)	value (₹. In Thousands)
1. Opening Stock	0.02	2	0.02	2
2. Purchases				
3. Sales				
4. Closing Stocks	0.02	2	0.02	2

- (B) There has been no expenditure or earnings in foreign exchange, nor there were any exports or imports during the year under 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 ₹. 60.00 lac per annum(previous year ₹.60.00 lac ), if employed throughout the year, or an aggregate remuneration of at least ₹. 5.00 lac per month (Previous year ₹. 5.00 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  
(Regn. No. 000934N)

Place : CHANDIGARH  
Dated : 29.05.2013

**S.C. Dewan**  
Partner

**S. Kansal**  
Executive Director

**H.K. Singhal**  
Director

# 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

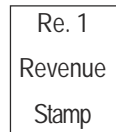
I/We \_\_\_\_\_

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 SIXTH ANNUAL GENERAL MEETING of the Company to be held on Saturday the 28th September 2013 at 11:00 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 2013.

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

Signature \_\_\_\_\_



### 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 SIXTH ANNUAL GENERAL MEETING held on Saturday, the 28th September 2013 at 11.00 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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(Printed Material)



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