

**22ND
ANNUAL REPORT
2008-09**



INDIAN ACRYLICS LIMITED

BOARD OF DIRECTORS

Sh. Karan Avtar Singh, I.A.S.
 Sh. R. K. Garg
 Sh. Dheeraj Garg
 Rear Adm. M.M. Chopra (Retd.)
 Sh. A.K. Mahajan
 Sh. Rohtash Kumar
 Prof. (Dr.) B.B. Tandon
 Sh. H.K. Singhal

Chairman
 Managing Director
 Additional Managing Director
 Director
 Nominee PSIDC
 Nominee PNB
 Director
 Finance Director

COMPANY SECRETARY

Sh. Bhavnes 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

CONTENTS

INDIAN ACRYLICS LIMITED

Notice	3
Directors' Report	4
Corporate Governance Report	10
Auditors' Report	16
Balance Sheet	18
Profit & Loss Account	19
Cash Flow Statement	20
Schedules	21
Notes on Accounts	26
Proxy Form	39

INDLON CHEMICALS LIMITED

Directors' Report	33
Auditors' Report	34
Balance Sheet	35
Profit and Loss Account	36
Schedules	36
Notes on Accounts	37

INDIAN ACRYLICS LIMITED

NOTICE:

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

DAY AND DATE : TUESDAY, THE 29TH SEPTEMBER, 2009
TIME : 11.30 A.M.
VENUE : COMPANY'S WORKS AT:
VILLAGE HARKISHANPURA, DISTT.
SANGRUR (PB). – 148 026 (ON PATIALA-SANGRUR HIGHWAY).

To transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account and Cash Flow Statement for the year ended March 31, 2009 and the Balance Sheet as at that date and the Reports of Directors and 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, be and is hereby appointed as Additional Managing Director of the Company for a period of five years w.e.f. 26/09/2008 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."
6. To consider and if thought fit, to pass with or without modification, if any, the following resolution as a Special Resolution:
"RESOLVED THAT in accordance with the provisions contained in section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and the schedules thereto, subject to such approvals, permissions, if any, as may be necessary, the members of the Company hereby approve the re-appointment of Shri H. K. Singhal, as Finance Director of the Company for a further period of 3 years w.e.f. 01/02/2009 on the following terms and conditions:
1) SALARY : Rs. 1,00,000/- per month.
2) PERQUISITES: Perquisites are classified into three categories A, B & C restricted to an amount equal to the annual salary or Rs.12,00,000/- per annum whichever ever is less, as below:

Category - A

- i) HOUSING : The expenditure by Company on hiring unfurnished accommodation for the Finance Director will be subject to the following ceilings:
 - a) 60% of the salary over and above 10% payable by the Finance Director.
 - b) In case accommodation is owned by the Company and provided to the Finance Director, the Company shall deduct 10% of the salary of Finance Director.
 - c) In case the Company provides no accommodation, the Finance Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above as the case may be.
- ii) Expenditure incurred by the Company on gas Electricity, Water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall however, be subject to a ceiling of 10% of the salary of the Finance Director.
- iii) MEDICAL REIMBURSEMENT: Expenses incurred for the Finance Director and his family subject to the ceiling of one month's salary in a year or three months salary over a period of three years.
- iv) LEAVE TRAVEL CONCESSION: For the Finance Director and his family once in a year, by any mode of transport.
- v) CLUB FEES: Fees of Club subject to a maximum of two clubs. This will not include admission and life membership fees
- vi) PERSONAL ACCIDENT INSURANCE: Premium not to exceed Rs. 4000/- per annum (For the purpose of this category "family" mean spouse, dependent children and dependent parent of the Finance Director).

Category-B

- i) Contribution to provident fund, Superannuation fund or annuity fund will not be included for the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- ii) Gratuity not exceeding half a month's salary for each completed year of service as per Payment of Gratuity Act.
- iii) Leaves as per rules of the company. Leave accumulated but not availed may be encashed as per the rules of the company.

Category-C

Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of Car for private purpose shall, however, be billed by the Company to the Finance Director.
"RESOLVED FURTHER THAT in the event of losses or inadequate profits in any financial year during the term of office of Shri H K Singhal as Finance Director, the aforesaid remuneration/ perquisite be paid to the appointee as minimum remuneration subject to the ceiling laid down in Schedule XIII of the Companies Act, 1956, as amended from time to time."

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

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

PLACE : Harkishanpura,
(Distt. Sangrur)
DATED: 20th August, 2009

BHAVNESH K GUPTA
COMPANY SECRETARY

NOTES :

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, in respect of Special Business as set out above is annexed hereto.
2. 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.
3. Shareholders are requested to notify changes, if any, in the address, along with PIN CODE NUMBER and make all correspondence relating to shares at Registered Office/ Administrative Office of the Company.
4. Register of Members and Share Transfer Books of the Company will remain closed from 17/09/2009 to 25/09/2009 (both days inclusive).
5. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 10.00 a.m. to 12.00 noon on any working day prior to the date of meeting.
6. Members/Proxies are requested to bring attendance slip sent herewith duly filled in for attending the meeting.
7. Members having any queries relating to the Annual Report are requested to send their queries to the Registered Office/ Administrative Office of the Company at least seven days before the date of Annual General Meeting.

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

ITEM NO.5

Shri Dheeraj Garg, a Business Administration Graduate from U.S.A., is Managing Director of Steel Strips Wheels Limited (SSWL) since 01.10.1996. His contribution to SSWL has been commendable for improvement in the quality of product and technology up-gradation of the facilities beside expansion that had resulted in the Company having State-of-the-art manufacturing capabilities and increase in profitability.

Shri Dheeraj Garg had been appointed as Director on the Board of our Company on 29/11/1997. The Company has been availing his valuable advice and services. In view of his wide experience and expertise, it was proposed to appoint him as Additional Managing Director for a period of five years without any remuneration.

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.

ITEM NO.6

Shri H K Singhal, a qualified Chartered Accountant, associated with the Company since launching of the project, has more than 30 years of wide and varied experience in the area of Management and Corporate Finance. The remuneration committee and Board of Directors in their meeting held on 31/01/2009 have re-appointed Shri H K Singhal as Finance Director for a further period of three years w.e.f. 01/02/2009, subject to the approval of the members in General Meeting and any other appropriate authorities, wherever required, on the terms and conditions as stated above in the enclosed resolution.

In view of his knowledge, experience and continued contribution to the working of the Company since 1991, the re-appointment of Shri H K Singhal as Finance Director is considered to be in best interest of the Company. The Board of Directors, recommend his re-appointment for your approval as a Special Resolution.

This notice and explanatory statement may be treated as an abstract of the terms of the contract for the re-appointment and payment of increased remuneration to Shri-H K Singhal, Finance Director within the meaning of Section 302 of the Companies Act, 1956.

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

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

PLACE : Harkishanpura,
(Distt. Sangrur)
DATED: 20th August, 2009

BHAVNESH K GUPTA
COMPANY SECRETARY

DIRECTORS' REPORT

To The Members,

The Directors of your company have pleasure in presenting the 22nd Annual Report of the company together with Audited Accounts for the financial year ending 31st March 2009.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2008-09	2007-08
Domestic Sales (Net of Excise)	33633	36211
Export Sales	2800	7087
Other Income	376	1602
Total Income	36809	44910
Gross Profit/Loss before interest & depreciation	(4768)	2876
Interest & other financial charges	1535	2053
Profit/(Loss) before depreciation	(6303)	823
Depreciation	1059	1579
Net Profit/(Loss)	(7362)	(756)
Provision for tax	(7)	(8)
Prior period adjustment	(16)	31
Extraordinary Items:		
I. Write back due to Settlement (OTS) of IFCI dues	4218	-
II. Provision for accumulated cenvat	(963)	-
Profit available for appropriation /(Net loss).	(4130)	(733)

The global economic scenario has witnessed severe turbulences this year with the Crude oil prices first touching highest level of US\$ 147 per barrel in July and soon thereafter went down to as low as US\$ 35 per barrel. This coupled with worst ever economic and liquidity crisis affected almost all the developed economies of the world and posed major challenge for the manufacturing sector, which first struggled to organize sufficient working capital to fulfill increased demand at higher prices in order to run and sustain operations at minimum economic levels and soon thereafter found itself in deep trouble owing to sudden and unprecedented fall in commodity prices. During the year under review, many economies faced contraction and Acrylic Fibre Industry also suffered badly due to these global turbulences.

Production during the year decreased from 29151 MT to 28005 MT. The sales also dropped from 31096 MT to 28197 MT. Exports were badly affected due to weak demand of product in major markets of China as well

as Iran. The demand remained depressed at high prices and Exports dropped from 6084 MT to 2474 MT. Similarly, sale of acrylic yarn has also come down from 7202 MT to 4563 MT.

As against gross profit of Rs 2876 lacs before interest, depreciation & extraordinary items in the previous year, Company suffered a gross loss of Rs 4768 lacs during the year. The company suffered a net loss before tax, prior period/extra-ordinary items of Rs 7362 lacs as against a loss of Rs 756 lacs in the previous year. Although plant achievements were better than previous year in terms of achievement of Daily production and average raw materials and utility consumptions, but the International prices dropped suddenly in the second half of the year in the wake of global meltdown and crash of crude oil prices after touching all time high of US\$ 147 per barrel. The plant remained under shutdown for nearly four months due to inventory pile up following weak demand of the product. During the year under review, Company also made a provision for accumulated Cenvat credit of Rs 963 lacs as it seems difficult to use this amount in the future due to continuation of inverted duty structure. The company has written back excess provision of Rs 4218 lacs in terms of one time settlement of term loan dues reached with IFCI, which has been shown as extra-ordinary income in the Profit and Loss Account. The net losses after considering effect of above items amount to Rs 4130 lacs during the year under review. Company has suffered losses due to high volatility, inventory-losses and dumping of large volumes of acrylic fibre at lower prices.

Due to heavy losses suffered during the year, company has requested for restructuring of debt to all the lenders/banks. This has been approved by the lead bank and also agreed to in principle by most of the other lenders.

Acrylic Fibre Industry, through Forum of Acrylic Fibre Manufacturers, is seeking relief from the Government for removal of inverted duty structure.

The lower prices of raw materials prevailing now for quite sometime are likely to help to increase the sales volumes this year. The margins have also started improving following lower raw material cost and better capacity utilization. Company expects to start sale of surplus power under 'Open Access Policy' thereby improving the gross margins further. Efforts are also being made to cut the cost further by using new technologies available for conservation of power, process improvements etc.

RESEARCH AND DEVELOPMENT

The Company has an In-House R & D Centre registered with the Ministry of Science & Technology, Govt. of India.

With the help of In-house R & D, the company is making efforts to increase use of new technologies to reduce effect of greenhouse gases and earn Carbon Credit Incomes. Company has already registered two small scale clean development mechanism (CDM) projects under the UN framework Convention of Climate Change (UNFCCC). Company has also commercially established carpet deniers products in middle eastern markets and many new varieties of Acrylic Fibre in Vietnam, China and Iran markets. Domestic spinners are being guided to export value added yarns made out of Dry Spun Acrylic Staple Fibre and Tow produced by the company as it has good demand in western countries.

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

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure and Developments

The development on the front of reduction in international crude oil prices is helping in sourcing of raw material (Acrylonitrile) at lower rates. This is likely to have positive effects on the demand as well as profitability of the acrylic fibre business.

b) Opportunities and Threat.

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

In the present scenario, the opportunity for the company lies in increasing the income from carbon credits, sale of power and export of acrylic fibre. Your company is actively working for these opportunities.

c) SEGMENT-WISE/ PRODUCT WISE PERFORMANCE

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

FUTURE OUTLOOK

The demand growth in the current year is likely to see major improvement following lower cost of production & taxes. The inventories in the Industry are also at low levels which will also offer some opportunity to acrylic

fibre producers. The cost of production is being reduced further through innovative use of In-house developed technology.

Many of our customers are going for expansion due to easy availability and affordability of quality acrylic fibre produced by us, lower interest rates and low tax rates. The Government policy and Stimulus package announced in last 6 months shall help in substantial increase of exports of acrylic yarns and textile goods from the country. Your Directors are confident that after the restructuring proposal of the company is cleared by the banks, your company shall be able to turnaround from the current situation very soon.

FINANCIAL STATUS

There is no change in the issued and subscribed capital of Rs.13132.21 lacs.

FIXED DEPOSITS

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

CORPORATE GOVERNANCE REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

INDIAN ACRYLICS LIMITED

records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- iv) The annual accounts have been prepared on a going concern basis.

INTERNAL CONTROL SYSTEMS

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

DIRECTORS

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

- i). PSIDC has nominated Shri Karan Avtar Singh on 26.09.2008 as a Director and Chairman in place of Shri Anurag Verma.
- ii). PNB has nominated Shri Rohtash Kumar on 26.09.2008 as a Director in place of Shri I D Singh.
- iii). Shri Dheeraj Garg was appointed as Additional Managing Director for a period of 5 years w.e.f. 26.9.2008 without remuneration.
- iv). IFCI has withdrawn nomination of Shri Sonjoy Sethee on 8.7.2008.
- v). IDBI has withdrawn nomination of Shri A K Goyal on 8.7.2008.
- vi). Smt. Sunena Garg has resigned as a Director on 31.01.2009.

Your Directors place on record appreciation of the valuable guidance rendered by Shri Anurag Verma, Shri Sonjoy Sethee, Shri A K Goyal and Smt. Sunena Garg during their association with the Company.

Prof. (Dr.) B B Tandon 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 dematerialised form. As on 31st March 2009, a total of 1022 lacs equity shares, representing 77.84% of equity share capital have been dematerialised and about 33800 shareholders are holding shares in dematerialised form.

INSURANCE

All the assets of the company have been adequately insured.

PERSONNEL

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975, as amended, are appended and forms part of the Report.

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 Board of Directors

Chandigarh	H K SINGHAL	R K GARG
30.06.2009	Finance 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, 2009

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

FORM 'A'

	Current Year	Previous Year
A) POWER & FUEL CONSUMPTION		
1. a) Purchased Units (in lacs)	70.90	47.24
Total amount (Rs.in lacs)	321.46	233.35
Rate/Unit (Rupees)	4.53	4.94
b) Own Generation		
i) Through Turbine (Unit in lacs)	363.55	462.42
Total amount (Rs.in lacs)	1230.24	1259.01
Rate/Unit (Rupees)	3.38	2.72
ii) Through Diesel Generator (Unit in lacs)	3.68	7.58
Total amount (Rs.in lacs)	39.35	75.35
Rate/Unit (Rupees)	10.71	9.94
2) Fuel Oils used for Steam		
Quantity (Lacs Litrs)	0.12	0.05
Total amount (Rs.in lacs)	3.60	1.42
Rate/Unit (Rupees)	30.98	29.44
3) Rice Husk for Steam Generation		
Quantity (MTs)	45310	52307
Total amount (Rs.in lacs)	1475.53	1340.34
Rate/Unit (Rupees)	3.26	2.56
B) CONSUMPTION PER UNIT OF PRODUCTION		
Production of Acrylic Fibre & Waste (MT)	28005	29151
1.) Electricity (Units/MT)	1440	1601
Cost per unit of production of Fibre (Rs/MTs)	5260	4906
2) Furnace Oil (KL/MT)		
Rice Husk for process steam (Unit/MT)	1618	1794
Cost per unit of production of Fibre (Rs/MTs)	5282	4603

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. The recognition of In-house R&D Lab by the Govt of India (DSIR) has been further renewed upto 31.03.2011.

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

1. Productivity improvement, reduction of waste and development of new product varieties.
2. Company has also been able to increase the uptime of its steam and power generation equipments due to R&D efforts, thereby reducing the cost of energy.

- 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 (Rs. In lacs): (Capital / Recurring).

Capital :- Rs. NIL (Previous year Rs. NIL lacs)
Revenue :- RS.18.79 lacs (Previous year Rs.20.08 lacs.)

INDIAN ACRYLICS LIMITED

2. Technology absorption, adoption and innovation

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

Technology Absorption Programme has been completed satisfactorily. The product range has been further diversified to produce new varieties of Acrylic Fibre. Efforts are on to further conserve the energy and to bring in further process improvements. As a result of the same energy consumption has come down during the year.

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.

Company has achieved export turnover of over Rs.28 crore.

Company has taken initiatives to commercially establish carpet deniers products in middle eastern markets and Dyed and Grey Tops in Vietnam, China and Iran markets. Domestic spinners are being guided to export value added yarn made out of Dry Spun Fibre and Tow produced by our company as it has good demand in western countries. These steps will help in improving company's sale and profitability from export business. Income from sale of CERs will increase forex earnings in future.

- b) Total foreign exchange used and earned (Rs. in lacs)

Used : Rs.17579.38 Lacs
(Previous year Rs.14841.05 Lacs)
Earned : Rs.2644.29 Lacs
(Previous year Rs.6900.41 Lacs)

For and on behalf of Board of Directors

Place: Chandigarh
Date : 30.06.2009

H K SINGHAL R K GARG
Finance Director 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, 2009.

S.No	Name of Employee	Designation	Experience (Yrs)	Date of Commence ment of Employment	Qualification	Remuneration (Rs.in Lacs)	Age (Yrs)	Last Employment before joining
Full Year								
1	Sh. R.K. Garg	Managing Director	44	01.10.90	F.I.E	48.64	65	M/s Steel Strips Ltd. Chandigarh as Managing Director

1. Remuneration includes Salaries, Allowances, Medical Reimbursement, Contribution towards Provident Fund and actual cost of perquisites borne by the company.
2. The conditions of employment of Sh. R.K. Garg are contractual.

For and on behalf of Board of Directors

Place: Chandigarh
Date : 30.06.2009

H K SINGHAL R K GARG
Finance Director 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 Karan Avtar Singh, 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 five 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 Executive Director on the Board of Bombay Dyeing; Shri Karan Avtar Singh is the Managing Director of PSIDC, and Shri A K Mahajan is General Manager of PSIDC. Shri Rohtash Kumar, General Manager of Punjab National Bank, has been nominated on the Board by the Financial Institutions/ Banks. 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, Finance Director, are non-executive Directors on the Board.

BOARD MEETINGS

During the year under review, 4 Board Meetings were held, one each on 30th June 2008, 26th September 2008, 31st October 2008 and 31st January 2009.

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

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	Other Directorships	Member of Committees
1.	Shri Karan Avtar Singh IAS (PSIDC Nominee)	Non Executive Director	-	No	5	-
2.	Shri R K Garg	Mg. Director	2	No	5	-
3.	Shri A K Mahajan (PSIDC Nominee)	Non Executive Director	1	No	10	-
4.	Shri Dheeraj Garg	Additional Mg. Director	2	No	1	1
5.	Prof (Dr) B B Tandon	Non Executive Director	4	No	2	3
6.	Shri Rohtash Kumar (PNB Nominee)	Non Executive Director	2	No	-	-
7.	Shri M M Chopra	Non Executive Director	4	No	2	4
8.	Shri H K Singhal	Finance Director	4	Yes	12	6

Shri Karan Avtar Singh, PSIDC Nominee has replaced Shri Anurag Verma on 26/09/2008 and Shri Rohtash Kumar, PNB Nominee has replaced Shri I D Singh on 26/09/2008

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.

INDIAN ACRYLICS LIMITED

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 one meeting.

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.

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 are as under:

	Shri R.K. Garg	Shri H K Singhal	Shri Dheeraj Garg
- Designation	Managing Director	Finance Director	Additional Managing Director
- Last appointed on	01/03/2009	01/02/2009	26/09/2008
- Term	Three years	Three years	Five years
- Salary	Rs.2,00,000/- per month	Rs.1,00,000/- per month	Without Remuneration
- Perquisites viz. housing accommodation, gas & electricity, traveling/ halting allowance/ medical benefits	Up to a maximum of Rs.24,00,000/-	Reimbursement of House Rent Up to 60% of the salary (over and above 10% payable by the Finance Director) and other perks, aggregating upto a maximum of Rs.12.00 lac	
- Commission including the above salary & perquisites	5% of the net profit		
- Provident Fund	Nil		
- Gratuity	12% of the basic salary	12% of the basic salary	
	As per the Payment of Gratuity Act.	As per the Payment of Gratuity Act.	

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



GENERAL BODY MEETINGS

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

Nature of Meetings	Day	Date	Time	Venue
AGM	Tuesday	30.09.2008	11.30 a.m.	At Regd Office at Village Harkishanpura Distt Sangrur (Punjab)
AGM	Monday	24.09.2007	10.30 a.m.	Same as above
EGM	Wednesday	28.11.2007	11.30 a.m.	Same as above
AGM	Thursday	28.09.2006	10.30 a.m.	Same as above

No special resolutions were put through postal Ballot in 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 are 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. Sunera 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, Finance Director 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, Finance Director and Shri Bhavnesht Gupta, Company Secretary. The Secretarial Committee of the company meets as often as required. The Committee met 11 times during the year.

SHAREHOLDERS/ INVESTORS GRIEVANCES COMMITTEE

The Board of the Company has constituted an Investors' Grievances Committee, comprising of Prof.(Dr.) B B Tandon as Chairman, Shri H K Singhal and Shri Bhavnesht 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 that are constrained by disputes or legal impediment.

MEANS OF COMMUNICATION

Quarterly Results:

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

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting of the Company will be held on or before 30th September 2009 at Regd. Office of the Company.

FINANCIAL CALENDER (Tentative)

Results for quarter ending June 30, 2009	Second Fortnight of July, 2009
Results for quarter ending Sept. 30, 2009	Second Fortnight of Oct. 2009
Results for quarter ending Dec. 31, 2009	Second Fortnight of Jan. 2010

INDIAN ACRYLICS LIMITED

Results for quarter ending Mar. 31, 2010

Date of Book Closure

Dividend Payment Date

Scrip Code on BSE

STOCK MARKET DATA

Second Fortnight of June 2010

From 17th September 2009 to 25th September 2009

Not Applicable

514165

(RS./ PER SHARE)

BOMBAY STOCK EXCHANGE

MONTH	MONTH'S HIGH	MONTH'S LOW	NO. OF SHARES	NO. OF TRADES	NET TURNOVER (RS.)
April-08	6.30	4.85	916826	1563	5,058,666.00
May-08	6.14	4.50	623975	1533	3,321,310.00
June-08	5.09	3.71	488879	1252	2,099,011.00
July-08	4.99	3.21	603636	1003	2,438,944.00
August-08	4.64	3.80	436341	958	1,814,887.00
September-08	4.20	2.52	431920	883	1,505,111.00
October-08	3.42	1.31	773639	1322	1,598,162.00
November-08	2.38	1.36	401056	640	722,858.00
December-08	2.13	1.51	299988	522	554,413.00
January-09	2.24	1.42	328678	485	597,204.00
February-09	1.95	1.39	183705	359	298,110.00
March-09	1.95	1.32	337693	461	535,644.00

Shareholding Pattern as on 31st March 2009

Sr. No.	Particulars	No. of Shares	%age
1.	Promoters & Directors	68877801	52.45
2.	Bodies Corporate	8527017	6.49
3.	Fis & Mutual Funds	12232150	9.31
4.	NRI	278427	0.21
5.	General Public	41406767	31.54
	Total	131322162	100.00

Distribution of shareholding as on 31st March 2009

Share holding of		Shareholders		Share Amount	
Face Value(Rs.)	Face Value (Rs.)	Number	%age to Total	In Rs.	%age to Total
10	To 5000	105549	91.92	142725610	10.87
5001	To 10000	4596	4.00	41665060	3.17
10001	To 20000	2163	1.88	36303490	2.76
20001	To 30000	748	0.65	20145580	1.53
30001	To 40000	343	0.30	12709560	0.97
40001	To 50000	446	0.39	21762980	1.66
50001	To 100000	533	0.46	41592540	3.17
100001	and above	460	0.40	996312800	75.87
		114838	100.00	1313221620	100.00

DEMATERIALIZATION OF SHARES AND LIQUIDITY:

Trading in Equity shares of our company is permitted only in dematerialized form effective 26.09.2000 as per the notification issued by the Securities and Exchange Board of India (SEBI). Our company has signed the agreement 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 1022 lakhs equity shares comprising 77.84% 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

For and on behalf of Board of Directors

Place: Chandigarh

Date : 30.06.2009

H K SINGHAL

Finance 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.A K Mahajan
Date of Birth	15/09/1937	07/05/1957
Date of Appointment	23/05/2003	19/05/2008
Qualification Experience in Specific functional areas	M.Sc. from London School of 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.	General Manager, PSIDC Ltd.
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	Chairman of PACL Share Transfer Committee, PACL Captive Power Generation Project Committee, PACL Corporate Planning Committee, PACL Corporate Office Building Committee. Member of Shareholders/ Investors Grievances Committee & Management Review Committee of PACL, Audit Committee of Rama Industries Ltd
No. of shares held in the Company	NIL	Nil

CERTIFICATE OF CORPORATE GOVERNANCE

We have examined the Company's compliance of conditions of Corporate Governance by Indian Acrylics Limited for the year ended on 31st March 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

For S C Dewan & Company
Chartered Accountant

Place: Chandigarh
Dated: 30.06.2009

S C DEWAN
Partner
No. 15678

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

This is to confirm that the Company has adopted a Code of Conduct for Directors & Senior Management Personnel of the Company. The Code of Conduct is available on the website.

I confirm that the Company has in respect of the financial year ended March 31, 2009 received from the senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of conduct applicable to them.

Place : Chandigarh
Dated: 30.06.2009

H K Singhal
Finance Director

AUDITORS' REPORT

To

**The Shareholders,
Indian Acrylics Limited.**

We have audited the attached Balance Sheet of M/s INDIAN ACRYLICS LIMITED as at 31.03.2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4-A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters as specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:-
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of accounts as required under the law, have been kept by the Company so far as appears from our examination of such books.
 - (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (v) On the basis of written representation received from Directors, as on 31.03.2009 and taken on record by the Board of Directors, we report that none of the Directors

is disqualified as on 31.03.2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies as per schedule of Notes on Accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - (a) In the case of Balance Sheet, of the state of affairs of the company as at 31.03.2009, and,
 - (b) In the case of Profit and Loss Account, of the Loss for the year ended on that date..
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

for S.C. Dewan & Co.
Chartered Accountants

Place : Chandigarh
Dated : 30.06.2009

S.C. Dewan
Partner

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

1. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
2. Physical verification of inventory has been conducted at reasonable intervals by the management. The procedures of physical verification of inventory followed by the management appear to be reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification dealt with in the books of accounts.
3. The company has not granted or taken any loan, secured or unsecured loans to/ from companies covered in the register maintained under section 301 of the Act.

INDIAN ACRYLICS LIMITED

4. There is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.
 5. The transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered in the register. Each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
 6. The company has not accepted any deposit from the public.
 7. The company has an internal audit system commensurate with its size and nature of its business.
 8. Maintenance of cost records has been prescribed by the Central Government under clause (d) of sub - section (I) of section 209 of the Act. Such accounts and records have been made and maintained.
 9. The company is regular in depositing undisputed statutory dues including, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities except for the demands/ claims disputed by the company as per details given below:
- | In Respect of | Amount
(Rs. In Lakhs) | Forum |
|---------------|--------------------------|-----------------------------------|
| Sales Tax | 78.68 | Supreme Court |
| Excise Duty | 99.36 | Commissioner, Excise |
| | 10.89 | Asstt. / Dy. Commissioner, Excise |
| | 30.15 | Cestat |
| | 94.50 | Additional Commissioner (Excise) |
| | 314.95 | Supreme Court |
| | 28.49 | Additional Commissioner (Customs) |
| | 12.35 | Cestat |
| | 61.61 | Commissioner (Customs) |
| | 78.68 | Commissioner (Appeals) Customs |
10. The company has been registered for a period of more than five years, having existing share capital of Rs.13132.22 lakhs. Its accumulated losses at the end of the financial year amount to Rs.13211.02 lakhs and are more than 50% of its net worth. It has incurred cash loss in the financial year under review and earned cash profit in the immediately preceding financial year.
 11. The company has defaulted in payment of dues to IDBI amounting to Rs.956 lakh on account of instalments of principal loan and Rs.879 lakh on account of arrears of interest excluding penal interest and liquidated damages, as the amount is unascertainable for the period from October 2005 to March 2009.
 12. 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 company.
 14. The company is not running any Nidhi/ Mutual Benefit Fund/ Society.
 15. The company is not a Financing Company.
 16. The company has not given any guarantee for loans taken by others from bank or financial institutions.
 17. The term loans were applied for the purpose for which the loans were obtained, as per the information available from the records of the company.
 18. The funds raised by the company on short terms basis have not been used for long-term investment.
 19. The company has not issued any Debentures to the public. However non-convertible debentures were issued to the financial institutions in lieu of funded interest in March 1996, which already stand secured by their respective security documents.
 20. The company has not raised any money by Public Issue during the year.
 21. No fraud on or by the company has been noticed or reported during the year.
 22. The Company is a potential sick company under the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 and a report, in this connection, has been filed with BIFR as required under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985.

for S.C. Dewan & Co.
Chartered Accountants

Place : Chandigarh
Dated : 30.06.2009

S.C. Dewan
Partner



BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	SCHEDULE	AS AT 31.03.2009 (Rs in lacs)	AS AT 31.03.2008 (Rs in lacs)
SOURCE OF FUNDS			
Shareholders' Funds	1	13,132.22	13,132.22
Reserves & Surplus	2	119.23	69.23
LOAN FUNDS			
Secured Loans	3	17,715.05	17,284.92
Total (Rs.)		30,966.50	30,486.37
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	39,786.89	39,491.88
Less: Depreciation		23,779.66	22,720.26
Net Block		16,007.23	16,771.62
Capital Work-in-Progress (including advances on capital account)		382.82	587.72
		16,390.05	17,359.34
INVESTMENTS	5	31.32	32.07
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	8,231.90	10,228.79
Sundry Debtors	7	2,177.33	4,227.69
Cash and Bank Balances	8	2,868.83	1,708.48
Other Current Assets	9	311.97	254.57
Loans & Advances	10	1,534.93	1,884.91
		15,124.96	18,304.44
Less: Current Liabilities & Provision	11	13,790.86	14,290.29
Net Current Assets		1,334.10	4,014.15
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Profit & Loss Account		13,211.03	9,080.81
Total (Rs.)		30,966.50	30,486.37
Notes on Accounts	16		

AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.
Chartered Accountants

R.K. GARG
Mg. Director

H.K. SINGHAL
Finance Director

B.K. GUPTA
Company Secretary

M.M. CHOPRA
B.B. TANDON
Directors

Place: CHANDIGARH
Dated: 30.06 2009

S.C. Dewan
Partner

INDIAN ACRYLICS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	SCHEDULE	AS AT 31.03.2009 (Rs in lacs)	AS AT 31.03.2008 (Rs in lacs)
INCOME			
Sales and Other Income	12	36,809.42	44,899.62
EXPENDITURE			
Manufacturing & Other Expenses	13	41,577.69	42,024.01
Financial Expenses	14	1,535.16	2,053.17
Depreciation		1,059.40	1,578.64
		44,172.25	45,655.82
Profit / (Loss) before Taxation and Non recurring / Extraordinary Items		(7,362.85)	(756.20)
Fringe Benefits Tax	6.51		7.78
		6.51	7.78
Profit / (Loss) after Taxation and before Non recurring / Extraordinary Items		(7,369.36)	(763.98)
Provision made for accumulated cenvat	(963.35)		-
Write back in term of onetime settlement of term Load of IFCI	4,218.13		-
Prior Period Adjustment	(15.64)		30.99
		3,239.14	30.99
Profit / (Loss) after Taxation and Non recurring / Extraordinary Items carried to Balance Sheet		(4,130.22)	(732.99)
Loss Brought forward from previous year		9,080.81	8,347.82
Net Loss carried over to Balance Sheet		13,211.03	9,080.81
Earning/(Loss) per share - Basic and Diluted		(3.15)	(0.58)
(Rs.) Weighted average number of shares		131322162	127125441

AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.
Chartered Accountants

R.K. GARG
Mg. Director

H.K. SINGHAL

Finance Director

B.K. GUPTA

Company Secretary

M.M. CHOPRA

B.B. TANDON

Directors

Place: CHANDIGARH

Dated: 30.06 2009

S.C. Dewan

Partner

CASH FLOW STATEMENT FOR 31ST MARCH, 2009

	CURRENT YEAR	(Rs. in Lacs) PREVIOUS YEAR
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	(7,362.85)	(756.20)
ADJUSTMENT FOR :		
i) ADD : DEPRECIATION	1,059.40	1,578.64
ii) ADD : INTERST & FINANCIAL CHARGES EXPENSES	1,535.16	2,053.30
LESS : FRINGE BENEFITS TAX	6.51	7.78
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(4,774.80)	2,867.97
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	2,400.33	1,000.84
INVENTORIES	1,996.89	(3,690.51)
TRADE PAYABLES / CURRENT LIABILITIES	(499.43)	5,488.02
CASH GENERATED FROM OPERATIONS	(877.00)	5,666.32
CASH FLOW BEFORE EXTRAORDINARY ITEMS		
EXTRAORDINARY ITEMS - PRIOR PERIOD ADJUSTMENT	3,239.14	30.99
NET CASH FROM OPERATING ACTIVITIES	2,362.14	5,697.31
B. CASH FLOW FROM INVESTING ACTIVITIES :		
PURCHASE OF FIXED ASSETS	91.65	403.40
SALE OF USED CAR	1.54	1.55
INVESTMENTS (LONG TERM)	(0.75)	(7.62)
NET CASH USED IN INVESTING ACTIVITIES	89.36	394.23
C. CASH FLOW FROM FINANCING ACTIVITIES :		
INTEREST & FINANCIAL CHARGES PAID	2,682.19	2,712.03
PROCEEDS FROM ISSUE OF SHARE CAPITAL		600.00
Capital Subsidiary	50.00	
TERM LOANS REPAYMENTS	(1818.64)	2,576.21
NET CASH USED IN FINANCING ACTIVITIES	813.54	4,688.24
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,459.24	614.84
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	482.01	(132.83)
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	1,941.25	482.01

AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.
Chartered Accountants

R.K. GARG
Mg. Director
H.K. SINGHAL
Finance Director
B.K. GUPTA
Company Secretary

M.M. CHOPRA
B.B. TANDON
Directors

Place: CHANDIGARH
Dated: 30.06 2009

S.C. Dewan
Partner

INDIAN ACRYLICS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	AS AT 31.03.2009 (Rs in lacs)	AS AT 31.03.2008 (Rs in lacs)
SCHEDULE '1' SHARE CAPITAL		
AUTHORISED		
1500 Lac (Previous Year 1500 Lac)		
Equity Shares of Rs. 10/- each	15,000.00	15,000.00
ISSUED, SUBSCRIBED AND PAID UP		
131322162 Equity Shares of Rs. 10/- each		
fully paid up. (Previous year 131322162)	13,132.22	13,132.22
Total (Rs.)	13,132.22	13,132.22
SCHEDULE '2' RESERVES & SURPLUS		
1 CAPITAL RESERVE		
Capital Subsidy	80.00	30.00
Less: Transfer to general Reserve	80.00	0.00
Total	-	30.00
2 GENERAL RESEVE		
Opening Balance	-	-
Add: Transfer from Capital Subsidy	80.00	-
Total	80.00	-
3 SHARE PREMIUM	39.23	39.23
Total (Rs.)	119.23	69.23
SCHEDULE '3' SECURED LOANS		
1 From Financial Institutions		
Foreign Currency Loans (already crystallised in rupees)	678.68	678.68
Rupee Term Loan	1,492.51	2,277.09
Funded Interest	1,747.87	4,453.00
Interest Accrued and due	1,329.02	2,469.57
Total	5,248.08	9,878.34
Less : Adhoc payments made during the year to IDBI pending Restructuring/Settlement	450.00	-
Total	4,798.08	9,878.35
2. From Banks		
Rupee Term Loans	807.94	962.24
Working Capital Term Loan (Rupee Loan)	374.02	498.78
Foreign Currency Loans	2,613.37	2,754.86
Cash Credit Account	7,851.74	1,672.84
Short Term Debt	1,239.56	1,481.04
Interest Accrued and Due	30.34	36.81
Total (Rs.)	17,715.04	17,284.92
<p>i) The Term Loans / working capital term loan from Financial Institutions / banks are secured by mortgage created or to be created on all the immovable assets of the Company, both present and future, hypothecation of all the moveable assets including movable machinery, machinery parts, tools and accessories and other movables, both present and future (save and except book debts), subject to charges created or to be created in favour of the Company's Bankers for securing working capital limits. These Loans are further guaranteed by the managing director besides two directors.</p> <p>ii) Cash Credit / Working capital borrowings are secured by hypothecation of book debts, raw-material, finished goods, semi-finished goods, consumable stores and spares including stocks in transit of the company as well as of Indlon Chemicals Ltd. and also by a second charge on the fixed assets of the company and further guaranteed by the managing director besides two directors and Indlon Chemicals Limited.</p> <p>iii) Short Term Debt is secured against the letter of comfotes issued by Banks.</p>		

SCHEDULE - '4' FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as at 31.03.08 (Rs. in lacs)	Additions (Rs. in lacs)	Sale (Rs. in lacs)	Cost as at 31.03.09 (Rs. in lacs)	Upto 31.03.08 (Rs. in lacs)	For the year (Rs. in lacs)	Upto 31.03.09 (Rs. in lacs)	As at 31.03.09 (Rs. in lacs)	As at 31.03.08 (Rs. in lacs)
A. Land	265.19	-	-	265.18	-	-	-	265.18	265.19
B. Site Development	335.60	-	-	335.60	-	-	-	335.60	335.60
C. Building									
i. Factory	5,501.30	285.14	-	5,786.44	2,270.83	126.36	2,397.19	3,389.26	3,230.48
ii. Housing Colony	301.92	-	-	301.92	73.83	3.38	77.21	224.71	228.09
D. Plant & Machinery	31,829.62	1.62	-	31,831.23	19,641.33	885.17	20,526.50	11,304.73	12,188.28
E. Electrical Installation	639.44	5.09	-	644.52	278.05	23.25	301.30	343.22	361.39
F. Tubewell	20.58	-	-	20.58	4.02	0.23	4.25	16.33	16.57
G. Weigh Bridge	11.27	-	-	11.27	7.93	0.37	8.30	2.97	3.35
H. Tools & Implements	33.01	-	-	33.01	26.77	0.60	27.37	5.64	6.24
I. Furniture/ Fixture & Office Equipment	426.11	2.64	-	428.75	302.94	17.12	320.06	108.69	123.17
J. Vehicles	127.86	2.07	1.54	128.39	114.56	2.92	117.48	10.91	13.29
Total (Rs.)	39,491.88	296.56 #	1.54	39,786.89	22,720.26	1,059.40	23,779.66	16,007.23	16,771.64
Previous Year	39,385.85	107.58	1.55	39,491.88	21,141.62	1,578.64	22,720.26	16,771.62	18,244.23

CAPITAL WORK IN PROGRESS

	As At 31.03.2009 (Rs.in Lacs)	As At 31.03.2008 (Rs.in Lacs)
1. Advance to Capital Goods Suppliers	149.05	127.26
2. Expenses Pending Allocation (Schedule-16)	0.33	13.04
3. Building/Plant & Machinery under Erection/ Installation	233.44	447.42
Total (Rs.)	382.82	587.72

Includes Pre-operative expenses of Rs. 12.99 lacs (Previous Year Rs. 0.84 lacs)

SCHEDULE - '5' INVESTMENTS

Investment (Unquoted) - Long Term - Non Trading

Investment in Subsidiary - at cost

Less : Reduction in carrying amount

Total (Rs.)

32.07	39.69
0.75	7.62
31.32	32.07

SCHEDULE - '6' INVENTORIES

(As taken valued and certified by the Management)

(At lower of cost or estimated realisable value)

1. Raw Materials at realisable value (Previous year at cost)	1,043.47	1,140.10
2. Raw Material at Port at realisable value (Previous year at landed cost)	4,598.22	2,680.61
3. Raw Material at High Seas Transit (At cif cost)	-	3,066.37
4. Raw Material in Inland Transit at realisable value (Previous year at landed cost)	400.66	534.79
5. Consumable Stores at cost (Previous year at cost)	887.79	811.56
6. Stock in Process at realisable value (Previous year at works cost)	566.36	472.79
7. Finished Goods at realisable value (Previous year at works cost)	735.39	1,522.57
Total (Rs.)	8,231.90	10,228.79

INDIAN ACRYLICS LIMITED

PARTICULARS	AS AT 31.03.2009 (Rs in lacs)	AS AT 31.03.2008 (Rs in lacs)
SCHEDULE - '7' SUNDRY DEBTORS		
(Unsecured and considered good unless otherwise stated) Outstanding for a period exceeding six months	206.59	163.46
Less: Provision for bad & doubtful debts	<u>92.31</u>	<u>89.18</u>
	114.28	74.28
Others - Considered good	2,063.05	4,153.41
Total (Rs.)	<u>2,177.33</u>	<u>4,227.69</u>
SCHEDULE - '8' CASH & BANK BALANCES		
Cash-in-Hand	2.00	6.25
Cheques and Drafts in Hand pending Collection	234.11	110.39
WITH SCHEDULED BANK		
In Current Account	668.54	989.23
Fixed Deposit Receipts (Under bank lien)	<u>1,964.18</u>	<u>602.61</u>
Total (Rs.)	<u>2,868.83</u>	<u>1,708.48</u>
SCHEDULE - '9' OTHER CURRENT ASSETS		
Security Deposits	129.53	132.62
Interest Receivable	64.36	52.29
Prepaid Expenses	80.97	67.62
Tax Deducted At Source	<u>37.11</u>	<u>2.04</u>
Total (Rs.)	<u>311.97</u>	<u>254.57</u>
SCHEDULE - '10' LOANS AND OTHER ADVANCES		
(Unsecured considered good)		
(Advance recoverable in Cash or in kind or for value to be received)		
Accumulated Cenvat	1,926.75	1,203.78
Less: Provision for Cenvat doubtful of recovery	<u>963.35</u>	<u>-</u>
Total (Rs.)	963.40	1,203.78
Other Advances	<u>571.53</u>	<u>681.13</u>
Total (Rs.)	<u>1,534.93</u>	<u>1,884.91</u>
SCHEDULE - '11' CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
i. Sundry Creditors		
- For Purchase-SME units	34.43	102.94
- Others	12,164.31	13,587.06
- For Capital Goods	69.82	69.26
- Expenses Payable	767.05	78.93
ii. Other Liability	507.02	82.32
iii. Cheques Issued But not yet presented for payment	96.62	150.35
B. PROVISIONS		
-Provisions for Capital Goods	0.24	0.39
-Provisions for Gratuity & Earned leaves	90.41	104.00
-Provisions for Excise Duty on Finished Goods	24.07	70.39
- Others	<u>36.89</u>	<u>44.65</u>
Total (Rs.)	<u>13,790.86</u>	<u>14,290.29</u>

PARTICULARS

AS AT
31.03.2009
(Rs in lacs)

AS AT
31.03.2008
(Rs in lacs)

SCHEDULE '12' - SALE AND OTHER INCOME

I. GROSS SALES		
- Domestic	35,471.10	38,317.70
- Export	2,800.05	7,087.43
- Total	38,271.15	45,405.13
- Less: Excise Duty	1,838.01	2,107.29
- NET SALES	36,433.14	43,297.84
II. Sales of Scrap	69.63	58.84
III. Interest Received on Fixed Deposits with Banks & on Income Tax Refund	90.96	57.05
IV. Agricultural Income	2.78	0.98
V. Exchange Fluctuation (Import)	-	117.79
VI. Sale of Certified Emission Reductions	90.53	1,190.40
VII. Sale of Power	121.70	176.47
VIII. Others Misc. Income	0.67	0.24
Total	36,809.41	44,899.61

SCHEDULE - '13' SALE & MANUFACTURING & OTHER EXPENSES

I) MANUFACTURING COST		
Raw Material Consumed	26,431.58	25,042.46
Purchase of Goods Traded & Yarn Charges	6,339.99	9,454.59
Power & Fuel	3,077.70	2,923.26
Repair & Maintenance	102.51	118.37
Stores, Spares, Consumables	472.70	759.77
Factory Expenses	117.97	128.49
	36,542.15	38,426.94
Increase/Decrease in stock of finished goods, work in progress		
<u>Opening Stock</u>		
<u>Finished Goods</u>		
- Own Manufactured	925.73	2,967.40
- Trading	596.84	604.43
Stock in Process	472.79	267.21
Total	1,995.36	3,839.04
<u>Closing Stock</u>		
<u>Finished Goods</u>		
- Own Manufactured	605.09	925.73
- Trading	130.31	596.84
Stock in Process	566.36	472.79
	1,301.76	1,995.36
(Increase)Decrease in stock	693.60	1,843.68
EMPLOYEE COST		
Salary & Other Allowances	586.92	567.50
Contribution to PF & Other funds	56.60	42.02
Staff welfare	67.76	83.21
Staff Training and Recruitment	6.79	7.92
Gratuity	11.04	24.66
Managerial Remuneration	67.43	68.95
	796.54	794.27
ADMINISTRATIVE COST		
Rent	95.00	81.37
Rates and Taxes	6.06	7.64
Auditors Remuneration	6.00	4.00
Advertisements & Publicity	1.68	0.92
Insurance	39.66	62.65

INDIAN ACRYLICS LIMITED

PARTICULARS	AS AT 31.03.2009 (Rs in lacs)	AS AT 31.03.2008 (Rs in lacs)
<u>Travelling Expenses-Foreign</u>		
- Director	0.64	2.57
- Others	12.16	15.48
<u>Travelling Expenses-Inland</u>		
- Directors	2.87	11.59
- Others	61.85	69.76
Miscellaneous Expenses	163.32	219.34
Exchange Fluctuation (Import	2,878.98	-
(Profit) /-Loss on sale of assets	0.23	0.34
Bad and Doubtfull debts	15.62	-
Decrease in carrying amount of investment in subsidiary	0.75	7.62
	<u>3,284.82</u>	<u>483.28</u>
SELLING AND DISTRIBUTION EXPENSES		
- Freight Outward	151.45	131.73
- Commission	4.55	9.60
- Cess and Acrylic Fibre		12.59
- Others	19.59	20.02
<u>Export Expenses</u>		
- Commission	25.92	52.27
- Freight Forwarding & Clearing Expenses	59.36	257.80
	<u>260.87</u>	<u>484.01</u>
Total (Rs.) :-	41,577.98	42,032.17
Less: Transfer to Project under commissioning	0.28	8.16
Pre-Operative/Trial-run Expenses		
Total	<u>41,577.70</u>	<u>42,024.01</u>

SCHEDULE - '14' INTEREST & FINANCIAL EXPENSES

1.	Interest on Term Loans & WCTL	818.13	1,292.18
2.	Working Capital interest & Bank Charges	717.03	761.12
		<u>1,535.16</u>	<u>2,053.30</u>
3.	Less: Borrowing cost tranferred to Project under commissioning		0.14
	Total	<u>1,535.16</u>	<u>2,053.16</u>

SCHEDULE - '15' PRE-OPERATIVE EXPENSES PENDING ALLOCATION

1.	Opening Balance	13.04	5.58
	Add: Pre-operative/trial Run Expenses	0.28	8.16
	transferred from Manufacturing & other Expenses		
	Intreest & Financial Charges	-	0.14
	Total	<u>13.32</u>	<u>13.88</u>
	Less: Capitalized	12.99	0.84
	Balanced carried over to Capital	<u>0.33</u>	<u>13.04</u>
	Work in progress		

SCHEDULE - 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:

<u>S.No.</u>	<u>Name of Asset</u>	
1.	Building	SLM Basis
2.	Plant & Machinery	
	a) Piping, Polymer, Solution & Monomer Preparation, filtration & Recovery section.	WDV Basis
	b) Utility, Power generation & distribution system and Wash' draw Machines installed upto 31.03.94.	WDV Basis
	c) Others	SLM 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) Investment :

Long term investment have been valued at cost less reduction (if any) in the carrying amount of the investment. Reduction in carrying amount is written off to Profit & Loss Account.

Current Investments are carried at cost less provision, if any, for diminution in fair value.

viii) 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.

ix) 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.

x) Foreign Exchange Fluctuations :

a) Foreign currency assets / liabilities not covered by forward contracts are restated at the rates prevailing at the end of the year.

b) Any income or expense on account of exchange difference is recognised in the Profit and Loss Account as per the requirement of AS-11 issued by ICAI, New Delhi.

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

	As at 31.03.2009	As at 31.03.2008
	(Rs.in Lacs)	(Rs.in Lacs)
a) Letters of Credit outstanding for Import of Raw materials / Spares	1099.02	54.70

INDIAN ACRYLICS LIMITED

- 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. | 549.85 | 534.73 |
| 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 and Additional duty levied in 2006 Union budget recovered by debit in DFCE licence. | 181.13 | 158.13 |
| iv) Others * | 519.00 | 435.00 |
- * There is an Arbitration award dated 16.03.2002 of US\$ 10.22 Lacs (approx Rs.519 lacs) and interest against the company awarded by Arbitration Panel in the favour of E.I. Dupont (USA). The award has not reached its finality as company has filed objections on 29.06.2002 in the hon'ble High Court and the matter is now Sub-Judge. In the opinion of the management and as per the legal advice received by the company, no liability against the company has yet arisen. Accordingly, the awarded amount is not considered as a liability. As such, no provision for the same has been made in the books.
- vi) Besides, the Sales Tax Department proposed to limit the exemption of sales tax only to incremental production. However, the case has since been decided in favour of the company. Department has disputed the same in Supreme Court and final decision is still pending. Sales Tax liability has been provided for as per Sales Tax Returns filed and adjusted against the exemption certificate. In view of the legal opinion obtained, the company is confident that no liability will arise on account of these demands. As such, no provision for the same has been made in 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).
- | | | |
|--|---------------|----------------|
| | Rs.40.98 lacs | Rs.128.05 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 realised in the ordinary course of business, unless stated otherwise. The provision for all the known liabilities is adequate and not in excess of amount considered reasonably necessary.
 5. Schedule 1 to 16 form an integral part of the accounts of the Company.
 6. No provision for income tax 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. Debtors include a sum of Rs.11.96 Lacs (Previous year Rs.13.55 lacs), maximum during the year Rs.13.55 lacs (Previous year Rs.134.09 lacs) receivable from Indlon Chemicals Ltd., a subsidiary company under the provisions of section 4(1)(a) of the Companies Act, 1956.
 9. Sundry debtors, outstanding for more than six months, include a sum of Rs.92.31 lacs (Previous year Rs.89.18 lacs) recoverable from a few customers against which the company has filed legal cases. Against this, a provision for doubtful debts has been made in the books to the extent of Rs.92.31 lacs (Previous year Rs.89.18 lacs).
 10. 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.
 11. The Net Deferred Tax asset of Rs.3388.61 lacs as at 31.03.2009 (including Rs. 2013.72 lacs upto 31.03.2008) has not been recognized in view of uncertainty of its realisation, as recommended under Accounting Standard AS-22 on "Deferred Taxation" issued by The Institute of Chartered Accountants of India. The details of deferred tax assets are as under:-

	As at 1 st April, 08	For the year 2008-2009	(Rs. in lacs) As at 31 st Mar,09
<u>Deferred Tax Assets being tax impact thereon</u>			
(i) Tax on unabsorbed losses and / or depreciation carried forward as per Income tax laws.	3947.27	1576.52	5523.79
(ii) Tax on expenses charged in the books, but allowance deferred under Income tax laws	1086.15	(220.33)	865.82
Total :	5033.42	1356.19	6389.61
<u>Deferred Tax Liabilities being tax impact thereon</u>			
(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.	3019.70	(18.70)	3001.00
(ii) Others			
Net Deferred Tax Asset	2013.72	1374.89	3388.61

12. EARNING PER SHARE (EPS)

Basic/Diluted Earning Per Share

		Current Year (Rs.in lacs) (4130.22)	Previous Year (Rs.in lacs) (732.99)
Profit / (Loss) after tax as per profit & loss account			
Less : Dividend and tax thereon in respect of preference shares			
Profit available for the shareholders	(A)	(4130.22)	(732.99)
No. of equity shares	(B)	131322162	127125441
Earning / (Loss) per share (Rs.) (basic & Diluted)	(A/B)	(3.15)	(0.58)
Nominal value per equity share		Rs.10.00	Rs.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		131322162	125322162
No. of equity shares issued on 13.12.07.			6000000
Total number of equity shares outstanding as at the end of the year.		131322162	131322162
Weighted average number of equity shares outstanding during the period.		131322162	127125441

13. 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.

14. The company has invested Rs.56.67 lacs in Indilun Acrylics (Shanghai) Co. Ltd a wholly owned subsidiary company in China during the year 2005-06 by way of share capital. The company is privately held and not listed on any stock exchange. There is decline in the carrying amount of this investment and the resultant reduction in the carrying amount is written off to Profit and Loss Account.

15. Managerial Remuneration

Profit & Loss Account includes Managerial remuneration as under:

	Current Year(Rs.in Lacs)	Previous Year(Rs.in Lacs)
Salary	33.55	33.10
Perquisites / Sitting Fee	29.86	31.88
Contribution towards Provident Fund	4.02	3.97
Total:	67.43	68.95

Note: a) The above figure does not include contribution to Gratuity provision as separate figures are not available.

b) 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.

16. Amount received from sale of Certified Emission Carbon Credits has been accounted as Income in the Profit & Loss Account. Company has about 0.19 lacs units of certified Emission Reductions (CERs) accrued upto 31st March 2009 as per the verification report of SGS from the two projects already implemented. Income from the same shall be accounted for as and when realized.

17. 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	Total for Current Year	(Rs.in lacs) Total for Previous Year
Purchase of Fixed Assets	NIL	NIL	NIL	NIL	1.45
Sale of goods (net)					
Services availed	NIL	NIL	18.25	18.25	18.53
Civil Construction & Maintenance	NIL	NIL	3.59	3.59	178.03
Lease Rent paid	NIL	NIL	44.19	44.19	30.68
Management Contracts (Salaries)	NIL	67.43	NIL	67.43	68.95
Remuneration paid to relatives of KMP during the year.			1.76	1.80	
Amounts written off or written back in the period in respect of debts due from or to related parties.			NIL	NIL	

Note:

- Subsidiary Company : 1. Indlon Chemicals Ltd
2. Indilun Acrylics (Shanghai) Co. Ltd.

INDIAN ACRYLICS LIMITED

- | | | | |
|-----|--|--------------------------------------|-------------------------------------|
| 2. | Key Management Personnel
(Whole time Directors) | Mr.R.K.Garg
Managing Director | Mr.H.K.Singhal
Finance Director. |
| 3. | Enterprises over which Key Management personnel (KMP) are able to exercise significant control and with whom transactions have taken place during the year: | | |
| 1) | SAB Industries Ltd.- | 2) Steel Strips Ltd. | 3) Malwa Chemtex Udyog Ltd. |
| 4) | Steel Strips Wheels Ltd | 5) Steel Strips Infrastructures Ltd. | |
| 4. | Relatives of the Key Management Personnel (with whom transactions have taken place):- Mr. Suresh Aggarwal is related to Mr. H.K. Singhal (brother of Mr. H. K. Singhal) and employed with the company. Mr.Dheeraj Garg (son of Sh.R.K.Garg, Managing Director) is Additional Managing director on board. | | |
| 18. | Detail of Provisions as per AS-29 | | |

18. **Detail of Provisions as per AS-29**

	Employee Benefits (Gratuity Earned Leave)	Excise duty on Finished Goods lying in stocks	Doubtful Debts.	Purchases (Capital goods & Store Spares)	Others
Balance at April 1,2008	104.00	70.39	89.18	20.95	24.08
Provision made during the year	(13.59) *	24.07	9.75	-	9.43
Provision written off/ back during the period	-	70.39	6.62	17.33	-
Balance at March 31,2009	90.41	24.07	92.31	3.62	33.51

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

19. Sundry creditors include a sum of Rs.1.79 lacs (Previous Year Rs.102.94 Lacs) due to Micro and Small & Medium Undertaking which are outstandings for more than 45 days as at 31.03.09. This information is required to be disclosed under the Micro, Small and Medium Enterprises development Act 2006, as determined to the extent the parties have been identified on the basis of information with the company.

20. Payments to auditors included under the head Auditors' Remuneration:

Particulars	Current Year (Rs.in Lacs)	Previous Year (Rs.in Lacs)
Audit Fee including Tax Audit Fee	4.50	3.00
Certificate Charges	1.50	1.00
Total:	6.00	4.00

Service Tax has not been included in above being modvatable.

21. Unpaid interest on term borrowings from IDBI has been provided for in the books at the simple interest rate as fixed in the CDR package. No provision for the Liquidated Damages / Penal Interest has been made as Company has moved for restructuring / settlement with them. The amount is not ascertainable due to non receipt of dues notices from IDBI.

22. **Excise Duty balance lying in Cenvat account, as at 31st March, 2009, amounting to Rs.1926.75 lacs (Previous year Rs.1203.78 lacs).** However, it seems difficult to use the entire amount of cenvat in future due to continuance of inverted duty structure. Therefore, it has been considered prudent to provide for a sum of Rs.963.35 lac, lying unused for more than two years, as doubtful of recovery. The company is confident of use of the balance cenvat of Rs. 963.40 lac, and the same has been shown as Current Asset in the schedule of 'Current Assets, Loan and Other Advances' as per Accounting Policy being consistently followed by the company.

23. The company is eligible for refund of VAT from Sales Tax Deptt as the unit is eligible for exemption from tax liability as per Industrial Policy. Alternatively it can claim input tax credit of the VAT so paid on purchase of inputs and same can be carried forward for adjustment against future VAT liability. The balance amount of VAT paid on Inputs till 31.3.2009 is shown as current assets as company intends to carry over this credit to adjust the same in the future tax liability.

24. The company has taken the Group Gratuity and Group Leave encashment policies from LIC and entire premiums demanded by them for the year 2008-09 have been paid / provided for as per the requirements of AS-15.

25. Extra ordinary item includes write back of Rs.4218.13 lacs on account of one time settlement (OTS) of Term Loan dues payable to IFCL. The effect of this OTS has been considered during the year under consideration on release of charges on the assets by IFCL after issuance of no dues certificate.

26. The plant remained under shutdown for 114 days during the year because of inventory build-up due to sudden fall in demand of the product. As there was no wear & tear to the plant during this period, no depreciation for the same has been provided for in the books of accounts.

27. 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	<u>2008-2009 Qty.(MT)</u>	<u>2007-2008 Qty.(MT)</u>
1)	Licenced/Registered Capacity	Acrylic Fibre & Waste	Delicensed	Delicensed
2)	Installed Capacity #	Acrylic Fibre & Waste	42000	42000
3)	Production	Acrylic Fibre	27543	28632
		Acrylic Fibre Waste	462	519

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

<u>CURRENT YEAR</u>				<u>PREVIOUS YEAR</u>			
	<u>Qty.(MT)</u>	<u>Value(Rs.in Lacs)</u>		<u>Qty.(MT)</u>	<u>Value(Rs.in Lacs)</u>		
4) Raw Material consumed							
i) Acrylonitrile	25790	23527.52		26707	21769.41		
ii) Dimethyl Formamide	832	453.35		985	518.55		
iii) Methyl Acrylate	1617	1215.52		1772	1145.37		
iv) VAM	93	48.27					
iv) Others		1186.92			1609.13		
5) Stock & Sales of goods produced							
i) Opening Stock							
Acrylic Fibre	774	886.48		2703	2899.22		
Acrylic Fibre Waste	66	39.25		82	52.39		
ii) Closing Stock							
Acrylic Fibre	627	593.32		774	886.48		
Acrylic Fibre Waste	21	11.77		66	39.25		
iii) Sales							
Acrylic Fibre	27690	31621.47		30561	35300.37		
Acrylic Fibre Waste	507	280.84		535	289.09		
6) Purchase, Sale and stocks of goods traded in (Acrylic Yarn / Fibre)							
i) Opening Stock	528	596.84		488	620.22		
ii) Purchase	4189	6339.69		7810	9454.59		
iii) Sale	4563	6368.84		7202	9815.67		
iv) Capitive				472	442.13		
v) Closing Stock	109*	130.31		528*	596.84		
* The closing stock is net of processing loss of 45 MT (Previous year processing loss of 96 MT).							
B) CIF Value of imported goods							
a) Raw Material				18689.50	20804.98		
b) Components & Spare parts				70.04	257.54		
c) Capital goods					13.37		
C) Consumption of Raw-Materials & Stores and spares							
i) Raw Material	<u>%age</u>	<u>(Rs.in Lacs)</u>		<u>%age</u>	<u>(Rs.in Lacs)</u>		
a) Indigenous	7.02	1855.62		27.57	6903.61		
b) Imported	92.98	24575.96		72.43	18138.85		
ii) Store and Spares							
a) Indigenous	77.60	366.80		68.56	520.91		
b) Imported	22.40	105.90		31.44	238.86		
D) Expenditure in Foreign Currency		<u>Current Year</u>			<u>Previous Year</u>		
a) Directors Travelling		0.64			1.99		
b) Staff Travelling		4.70			6.12		
E) Earnings in Foreign Exchange		2644.29			6900.41		
F) - F.O.B Value of Export		2644.29			6900.41		
G) Expenditure on Employees							
i) Employees drawing remuneration of notless than Rs.24,00,000/- per annum(previous year Rs.24,00,000/-) andemployed throughout the-year :							
- No. of Employees				1	1		
- Salaries and Allowances (Rs.in Lacs)				45.75	45.84		
- Contribution to Provident & Other Fund (Rs in Lacs)				2.88	2.88		
ii) Employees drawing remuneration not less than 2,00,000/-per month (Previous year Rs.2,00,000/-)and employed for a part of the year				None	None		

AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.
Chartered Accountants

R.K. GARG
Mg. Director

H.K. SINGHAL

Finance Director

B.K. GUPTA

Company Secretary

M.M. CHOPRA

B.B. TANDON

Directors

Place: CHANDIGARH

Dated: 30.06 2009

S.C. Dewan

Partner

INDIAN ACRYLICS LIMITED

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

i) REGISTRATION DETAILS

(Rs. In Thousands)

Registration No. L24301PB1986PLC006715

State Code 16

BALANCE SHEET 31.03.2009

ii) CAPITAL RAISED DURING THE YEAR

Public issue Nil Bonus Issue Nil

Right issue Nil Private Placement Nil

iii) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities 3096650 Total Assets 3096650

Source of funds

Paid-up Capital 1313222

Reserves & surplus 11923

Secured Loans 1771505

Unsecured Loans --

Application of Funds

Net Fixed Assets 1639005

Investments 3132

Net Current Assets 133410

Misc. Expenditure --

Accumulated Losses 1321103

iv) PERFORMANCE OF COMPANY

Turnover 3680941

Total Expenditure 4417226

Profit/(Loss) before Tax -736930

Profit/(Loss) after Tax -413022

Earning Per Share in Rs. -3.15

Dividend Rate% Nil

v) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item code No. (ITC Code)

Item Code No. (ITC CODE) Product Description

5503.30 ACRYLIC FIBRE

5501.30 ACRYLIC TOW

5501.30 ACRYLIC WASTE

AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.
Chartered Accountants

R.K. GARG

Mg. Director

H.K. SINGHAL

Finance Director

B.K. GUPTA

Company Secretary

M.M. CHOPRA

B.B. TANDON

Directors

Place: CHANDIGARH

Dated: 30.06 2009

S.C. Dewan

Partner



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.	Indilun Acrylics (Shanghai) Co. Ltd.
2. The financial year of the subsidiary company ended on.	31st March, 2009	31st December, 2008
3. Date from which it became subsidiary company.	31st August, 1994	29th September, 2005.
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	100% (US\$ 1,23,940)
(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	Wholly owned Subsidiary under Section 4(1)(b)(ii) 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	Nil
(a) Not dealt with in the Holding Company's accounts:		
(i) For the financial years ended 31.03.2009.	N.A.	N.A
(ii) For the previous financial years since it became the subsidiary.	N.A.	N.A
(b) Dealt with in the Holding Company's Accounts :		
(i) For the financial year ended 31.03.2009.	N.A.	(Rs.0.75 Lacs)
(ii) For the previous financial years since it became the subsidiary.	N.A.	(Rs. 25.35 Lacs)

AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.
Chartered Accountants

R.K. GARG
Mg. Director
H.K. SINGHAL
Finance Director
B.K. GUPTA
Company Secretary

M.M. CHOPRA
A.K. GOYAL
S. SETHEE
B.B. TANDON
Directors

Place: CHANDIGARH
Dated: 30.06.2008

S.C. Dewan
Partner

INDLON CHEMICALS LIMITED

DIRECTORS' REPORT

To The Members,

The Directors of your company have pleasure in presenting the 22nd Annual Report of the company together with Audited Accounts for the financial year ending 31st March, 2009.

PERFORMANCE

	(Rs. in thousands)	
	31.03.2009	31.03.2008
Sales & other Income	443.31	8540.48
Net Profit/(Loss) after tax	(749.49)	92.34

The Company achieved a turnover of Rs.4.43 lac as against Rs.85.40 lac during the previous year and incurred a net loss of Rs.7.49 lac. The performance of the Company during the year was not encouraging as compared to last year. The Company is mainly dependent on availability of acrylic fibre from the holding company i.e. Indian Acrylics Limited as well as the idle capacity available with the spinners for jobbing purposes. The international prices of acrylic fibre and yarn are now hardening up, which may improve the prospects of the company in future.

FIXED DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

- 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.
- 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.
- 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.

- 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

- Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans : None.
- 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

Chandigarh
21.04.2009

S.Kansal
Executive Director

H.K. Singhal
Director

AUDITORS' REPORT

To

The Shareholders,
Indion Chemicals Limited.

We have audited the attached Balance Sheet of M/s INDLON CHEMICALS LIMITED as at 31.03.2009 and also the Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4-A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters as specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:-
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of accounts as required under the law, have been kept by the Company so far as appears from our examination of such books.
 - (iii) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of accounts.
 - (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (v) On the basis of written representation received from Directors, as on 31.03.2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31.03.2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies as per schedule of Notes on Accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - (a) In the case of Balance Sheet, of the state of affairs of the company as at 31.03.2009; and,
 - (b) in the case of Profit & Loss Account, of the loss for the year ended on that date.

for S.C. Dewan & Co.
Chartered Accountants

Place : Chandigarh
Dated : 21.04.2009

S.C. Dewan
Partner

ANNEXURE

Referred to in Paragraph 1 of our report of even date.

1. The company does not have any fixed assets.
2. Physical verification of inventory has been conducted at reasonable intervals by the management. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification dealt with in the books of accounts.
3. The company has not granted or taken any loans, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. There is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.
5. There were no transactions that need to be entered into a register in pursuance of section 301 of the Companies Act.
6. The company has not accepted any deposit from the public.
7. The company has an internal audit system commensurate with its size and nature of its business.
8. Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub - section (I) of section 209 of the Act.
9. The company is regular in depositing undisputed statutory dues including, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales - tax, Service Tax, Wealth - tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.
10. The company has been registered for a period of more than five years, having existing share capital of Rs.5.00 lakhs. Its accumulated losses at the end of the financial year amount to Rs.11.53 lakhs and are more than 50% of its net worth. It has earned cash profit in the financial year under review and earned cash profit in the immediately preceeding financial year.
11. The company has not defaulted in repayment of dues to a financial institution or bank or debenture holders during the year under review.
12. 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 company.
14. The company is not running any Nidhi/ Mutual Benefit Fund/ Society.
15. The company is not a Financing Company.
16. The company has given corporate guarantee for loans taken by its holding company from banks. The terms thereof are not prejudicial to the interest of the Company.
17. The Company has not raised any term loans.
18. The Company has neither raised Short Term Funds, nor Long Term Funds during the year under consideration.
19. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
20. The company has not issued any Debentures upto date.
21. The company has not raised any money by Public Issue during the year.
22. No fraud on or by the company has been noticed or reported during the year.

for S.C. Dewan & Co.
Chartered Accountants

Place : Chandigarh
Dated : 21.04.2009

S.C. Dewan
Partner

INDLON CHEMICALS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	SCHEDULE	AS AT 31.03.2009 (Rs. in thousands)	AS AT 31.03.2008 (Rs in thousands)
SOURCE OF FUNDS			
Share Capital	1.	500.00	500.00
		<u>500.00</u>	<u>500.00</u>
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	2	490.26	1,424.48
Sundry Debtors	3	67.67	530.81
Cash and Bank Balances	4	90.76	67.02
Other Current Assets	5	4.61	-
Loans & Advances	6	-	-
		<u>653.30</u>	<u>2,022.31</u>
Less: Current Liabilities & Provisions	7	<u>1306.76</u>	<u>1,926.28</u>
		(653.46)	96.03
PROFIT & LOSS ACCOUNT			
	Total	<u>1153.46</u>	<u>403.97</u>
Notes on Accounts	13	<u>500.00</u>	<u>500.00</u>

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

INCOME			
Sale (Gross)		443.41	8,540.48
	Total	<u>443.41</u>	<u>8,540.48</u>
EXPENDITURE			
Material Cost	8	453.42	91.28
Yarn Conversion & Other Expenses	9	-	89.60
(Increase)/Decrease in stock of	10	39.46	8103.44
Finished goods & Work in Process			
Personnel, Administrative & Marketing Expenses	11	479.43	120.59
Financial Expenses	12	4.98	3.08
	Total	<u>959.29</u>	<u>8407.98</u>
Profit / (Loss) before tax		(515.88)	132.50
Prior Period Adjustment		233.61	29.56
Less : Provision for tax		-	10.60
Net profit for the year		<u>(749.49)</u>	<u>92.34</u>
(Loss) Brought forward from previous year		(403.97)	(496.31)
Net (Loss) carried over to Balance Sheet		<u>(1153.46)</u>	<u>(403.97)</u>

AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.
Chartered Accountants

Place: CHANDIGARH
Dated: 21.04.2009

S.C. Dewan
Partner

S. Kansal
Executive Director

H.K. Singhal
Director

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	AS AT 31.03.2009 (Rs in Thousand)	AS AT 31.03.2009 (Rs in Thousand)
SCHEDULE '1' SHARE CAPITAL		
AUTHORISED CAPITAL		
1,00,000 Equity Share of Rs. 10/- each	1000.00	1,000.00
ISSUED, SUBSCRIBED AND PAID UP		
50,000 Equity Shares of Rs. 10/- each fully paid up. (Previous year 50,000 Equity shares)	500.00	500.00
Total	500.00	500.00
SCHEDULE '2' INVENTORIES		
(As taken valued and certified by the Management) (At lower of cost or estimated realisable value)		
1 Raw Material (at cost)	1154.88	1,682.46
2 Finished goods (at cost)	490.26	529.72
Total	1645.14	2,212.18
Less Provisions for Stock lying with third parties	1154.88	787.70
SCHEDULE '3' SUNDRY DEBTORS		
(Unsecured and considered good)	67.67	530.81
Outstanding for a period exceeding six months		
Others		
Total	67.67	530.81
SCHEDULE '4' CASH AND BANK BALANCES		
Balance with Bank in current account	90.76	67.02
Total	90.76	67.02
SCHEDULE '5' OTHER CURRENT ASSETS		
VAT Recoverable	4.61	-
Total	4.61	-
SCHEDULE '6' LOANS AND OTHER ADVANCES		
(Unsecured considered good)		
Advance recoverable in cash or in kind or for value to be received		
1. Advances to supplier	708.10	708.10
	708.10	708.10
Less : Provision for Doubtful Advances	708.10	708.10
Total	-	-
SCHEDULE '7' CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
1. Sundry Creditors	1196.46	1,643.27
2. Expenses Payable	98.94	99.63
3. Advances from Customers	-	160.04
4 Other Liabilities	11.36	12.73
B. PROVISIONS		
1. For Income Tax	-	10.60
Total	1,306.76	1,926.28

INDLON CHEMICALS LIMITED D

PARTICULARS	AS AT 31.03.2009 (Rs in Thousand)	AS AT 31.03.2008 (Rs in Thousand)
-------------	---	---

SCHEDULE '8' MATERIAL COST

Opening Stock	1682.46	1,682.46
Add : Purchases	435.42	91.28
Total	2117.88	1,773.74
Less : Closing Stocks	1154.88	1,682.46
Adjustment of Previous year shor recovery	527.58	-
Material Cost	435.42	91.28

SCHEDULE '9' YARN CONVERSION & OTHER EXPENSES

Freight & other Expenses	89.60
Total	89.60

SCHEDULE '10' CHANGES IN STOCK OF FINISHED GOODS

Opening Stock	529.72	8,633.16
Closing Stock	490.26	529.72
(Increase)/Decrease in Stock	39.46	8,103.44

SCHEDULE '11' PERSONNEL, ADMINISTRATIVE & MARKETING EXPENSES

Audit Fee	110.30	112.36
(i) Printing & Stationary	0.70	0.70
(ii) Other Misc. Expenses	1.96	7.53
(iii) Provision for variation in yield given by jobbers	367.18	-
Total	479.43	120.59

SCHEDULE '12' FINANCIAL EXPENSES

1. Bank Charges	4.98	3.08
Total	4.98	3.08

SCHEDULE '13' NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

- i) The financial statements are prepared under the historical cost convention in accordance with the applicable accounting standard and relevant presentational requirements of the companies Act, 1956.
- ii) Raw materials have been valued at cost. Material lying with spinning mills on job work basis is valued on cost excluding job charges. Finished goods have been valued at cost or estimated realizable value, whichever is less.
- iii) No provision for gratuity has been made since no employee has completed the qualifying period of five years.
- iv) Recognition of income/expenditure:
All revenues and expenses are accounted for on accrual basis. Job charges are accounted for after receipt of material from jobbers. Modvat availed by jobbers on material sent for conversion into yarn is taken as amount available for clearance of yarn and expenditure incurred on yarn clearance by spinning mills is adjusted against the same. Difference paid from time to time is shown as expenditure and closing balance available in current assets.
- 2. Contingent Liabilities not provided for
The company has executed a corporate Guarantee and has hypothecated its current assets in favour of the Bank of M/s Indian Acrylics Ltd. for a sum of upto Rs. 13800 lacs to secure their working capital borrowings including working capital term loan.
3. a) Previous year's figures have been regrouped and rearranged wherever considered necessary to make them comparable with those of current year.
b) The amounts have been rounded off in 'thousands rupees' upto two decimal points.
4. Schedules 1 to 13 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 except 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 provisions for income tax has been made in the Accounts as there are no taxable profits during the year.

8. Closing stocks includes a sum of Rs.1154.88 (in thousands) (Previous year Rs.787.70 (in thousands) on account of Acrylic Fibre and waste lying with jobbers for conversion into Acrylic yarn. Some of the jobbers have not returned the yarn due to yield variation since long and company has initiated legal action for the same. In view of doubtful nature of the stocks valuing Rs.1154.88(in thousands) (Previous Year Rs. 787.70 (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;

		Current Year		Previous Year	
		Qty	Value	Qty	Value
1	Opening Stock	5	530	69	8633
2	Purchases	3	435	1	91
3	Sales	4	443	65	8540
4	Closing Stocks	4	490	5	530

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.

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

i)	REGISTRATION DETAILS	U51397HP1986PLC007043	(Rs. In Thousands)	
	State Code	06	Bonus Issue	Nil
	BALANCE SHEET	31.03.2009	Private Placement	Nil
ii)	CAPITAL RAISED DURING THE YEAR		Total Assets	(653)
	Public issue	Nil	Application of Funds	
	Right issue	Nil	Net Fixed Assets	(653)
iii)	POSITION OF MOBLISATION AND DEPLOYMENT OF FUNDS		Investments	Nil
	Total Liabilities	(653)	Net Current Assets	(653)
	Source of funds		Misc. Expenditure	--
	Paid-up Capital	500	Accumulated Losses	--
	Reserves & surplus	(1153)		
	Secured Loans	Nil		
	Unsecured Loans	Nil		
iv)	PERFORMANCE OF COMPANY			
	Turnover	443		
	Total Expenditure	1193		
	Profit/(Loss) before Tax	(750)		
	Profit/(Loss) after Tax	(750)		
	Earning Per Share in Rs. -	Nil		
	Dividend Rate%	Nil		
v)	GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS).			
	Item code No. (ITC Code)			
	Item Code No. (ITC CODE)	Product Description		
	5503.30	ACRYLIC FIBRE		
	5501.30	ACRYLIC TOW		
	5501.30	ACRYLIC WASTE		

AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.
Chartered Accountants

Place: CHANDIGARH
Dated: 21.04.2009

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 _____

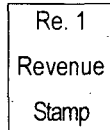
of _____ being a member/members of **Indian Acrylics Limited** hereby appoint Mr./ Mrs. /Miss _____ of _____ or failing him/her, Mr./Mrs./Miss/ _____ of _____

as my/our proxy to attend and to vote for me/us and on my/our behalf at the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Company to be held on Tuesday, the 29th September 2009 at 11:30 a.m. at Company's Registered Office at Village Harkishanpura, Distt. Sangrur (Pb.) - 148 026 on Patiala Sangrur Highway and at any adjournment thereof.

Signed this _____ day of September 2009.

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 SECOND ANNUAL GENERAL MEETING** held on Tuesday, the 29th September 2009 at 11.30 A.M. at Company's Registered Office at Village Harkishanpura, Distt. Sangrur (Pb.) - 148 026 on Patiala Sangrur Highway.

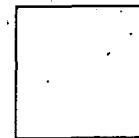
Member's/Proxy Signature

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



STEEL STRIPS GROUP

BOOK POST
(PRINTED MATERIAL)



If Undelivered please return to :

INDIAN ACRYLICS LIMITED

S.C.O. 49-50, Sector 26,
Madhya Marg, Chandigarh - 160 019

Satyadeep, 292, Industrial Area - II Chd. Ph. : 2652343, 5081652