

**23RD  
ANNUAL REPORT  
2009-10**



**INDIAN ACRYLICS LIMITED**



## BOARD OF DIRECTORS

Sh. Anurag Agarwal, I.A.S.	Chairman
Sh. R. K. Garg	Managing Director
Sh. Dheeraj Garg	Additional Managing Director
Shri A.S. Chatha, I.A.S. (Retd),	Director
Rear Adm. M.M. Chopra (Retd.)	Director
Sh. A.K. Mahajan	Nominee PSIDC
Sh. S.K. Awasthi	Nominee PNB
Prof. (Dr.) B.B. Tandon	Director
Sh. H.K. Singhal	Finance Director

## COMPANY SECRETARY

Sh. Bhavnesh K. Gupta

## BANKERS

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

## AUDITORS

S.C. Dewan & Co.  
Chartered Accountants,  
Swastik Vihar, Panchkula.

## REGD. OFFICE & WORKS

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

## CORPORATE OFFICE

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

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## INDIAN ACRYLICS LIMITED

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### NOTICE:

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

**DAY AND DATE** : **WEDNESDAY, THE 29<sup>TH</sup> SEPTEMBER, 2010**  
**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 Accounts for the year ended 31<sup>st</sup> March, 2010, and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Rear Adm. M.M. Chopra, Retd., who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Dheeraj Garg, 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 Shri A.S. Chatha who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, be and is hereby, appointed as a Director of the Company.”

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

PLACE : Harkishanpura, (Distt. Sangrur)  
DATED: 20th August, 2010

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 20/09/2010 to 29/09/2010 (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**

Your Directors have appointed Shri A.S. Chatha, I.A.S. (Retd) as Additional Director and he holds the office of the Company until the conclusion of this Annual General Meeting. The Company has received notice from a member under Section 257 of the Companies Act, 1956 proposing the name of Shri A .S. Chatha, I.A.S. (Retd) for appointment as Director alongwith requisite payment of Rs.500/-.

Shri A.S. Chatha, B.E. (Hons), joined the I.A.S. cadre of Punjab in 1963 and served it with distinction till 1995. He held wide range of assignments from the field to the secretariat such as Deputy Commissioner of Patiala, Sangrur, Ludhiana, Managing Director, PSIDC Ltd., Joint Secretary, Ministry of Commerce, Govt. of India and Principal Secretary, Department of Industries, Cooperation, Housing, Irrigation and Power, Home and Justice and finally as Chief Secretary to the Govt. of Punjab.

After his retirement in 1995, he held the following assignments:

- 1.) Chairman, Punjab State Electricity Board.
- 2.) Member, Chief Minister's Advisory Committee on Industrial Development from 2002 to 2003.
- 3.) Chairman, Punjab Third Finance Commission from 2004 to 2006.

At present, he is Director on the Board of following companies:

1. Cotton County Retail Ltd., Ludhiana 2. WWICS Ltd., SAS Nagar

In view of his knowledge and vast experience, the appointment of Shri A S Chatha as Director is considered to be in best interest of the Company. The Board of Directors recommend his appointment for your approval as a Special Resolution. None of the Directors, except Shri A S Chatha himself, is interested in the proposed resolution.

By order of the Board  
for INDIAN ACRYLICS LIMITED

Place : Chandigarh  
Dated : 20<sup>th</sup> August 2010

BHAVNESH K GUPTA  
Company Secretary

## INDIAN ACRYLICS LIMITED

### DIRECTORS' REPORT

To The Members,

The Directors of your Company have pleasure in presenting the 23<sup>rd</sup> Annual Report of the Company together with Audited Accounts for the financial year ending 31<sup>st</sup> March, 2010.

#### FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2009-10	2008-09
<b>Domestic Sales</b>	<b>29498</b>	33633
<b>(Net of Excise)</b>		
<b>Export Sales</b>	<b>11328</b>	2800
<b>Other Income</b>	<b>1061</b>	376
<b>Total Income</b>	<b>41887</b>	36809
<b>Gross Profit/Loss before interest &amp; depreciation</b>	<b>7109</b>	(4768)
<b>Interest &amp; other financial chargecharge</b>	<b>1871</b>	1535
<b>Profit/(Loss) before depreciation</b>	<b>5238</b>	(6303)
<b>Depreciation</b>	<b>1997</b>	1059
<b>Net Profit/(Loss)</b>	<b>3241</b>	(7362)
<b>Provision for tax</b>	<b>5</b>	(7)
<b>Prior period adjustment</b>	<b>28</b>	(16)
<b>Extraordinary Items</b>		
<b>I. Write back due to Settlement (OTS) of IFCI dues</b>	-	4218
<b>II. Provision for accumulated cenvat</b>	-	(963)
<b>Profit available for appropriation/(Net loss)</b>	<b>3208</b>	(4130)

The year 2009 would be marked as an important year for the Acrylic Fibre Industry. When the year began, major world economies were in recession. Acrylic Fibre Industry faced the prospect of a substantial contraction in consumption with no sign of recovery in the demand. However, the forecast were belied – demand was robust, acrylic fibre plants achieved higher capacity utilization and market prices started improving. With raw material prices remaining subdued, most acrylic fibre producers were able to record good performance and substantial jump in the margins.

Production during the year 2009-10 increased from 28005 MT to 36636 MT. The sales also increased from 28197 MT to 36611 MT. Better sale volumes were

achieved by pushing Exports from 2474 MT in the last year to 10977 MT during the current year. The sale of acrylic yarn however was lower as Company does not have its own manufacturing facility and sufficient capacity was not available in the market for making acrylic yarn.

As against Rs.7362 lacs of net loss before tax, prior period adjustments & extraordinary items in the previous year, the Company has earned a net profit of Rs. 3241 Lacs during the year. There is an additional depreciation charge of Rs. 472 Lacs during the year consequent to change of method of charging depreciation from straight line method to written down value method in respect of a part of the plant and machinery due to technological changes & obsolescence. The net profit after tax for the year is Rs.3208 Lacs as against a net loss of Rs. 4130 Lacs in the previous year.

Due to heavy carried over losses suffered by the Company in the previous year, Company has requested for restructuring of the loans and the same is pending for approval under the CDR mechanism.

The raw material prices have increased sharply during last quarter putting pressure on finished product prices. The loss of gross margin caused by high raw material prices will be partially off-set by sale of power recently started by the Company under "Open-Access" scheme and lowering of cost of production due to energy conservation measures being taken. The revenues from sale of power are increasing. Efforts are also being made further to cut the cost by using new technologies available for conservation of power, process improvements etc.

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

1. **Certificate of Registration of Quality Management System – ISO 9001:2008** for Manufacture and supply of Dry Spun Acrylic Fiber, Dry Spun Acrylic Tow (Grey and Dyed) and Dry Spun Acrylic Tops (Grey and Dyed)
2. Recognition as **"Export Trading House"** by Government of India Ministry of Commerce & Industry for a period of five years effective from 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2014.
3. Certificate for **"Oeko-Tex Standard 100"** from M/s HOHENSTEIN TEXTILE TESTING INSTITUTE Germany certifying acrylic fibres made by the company free from any harmful substances and meet the human-ecological requirements of the standard presently established for baby articles.



## 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 and now working on development of new range of dyed products. Trial of the same have been found to be very encouraging and we will start their commercial production in the middle of this year.

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

A high price of raw materials are likely to have slowdown effect on the demand as well as profitability of the acrylic fibre business in the current year. However, the new capacities of raw material are being added overseas which are likely to be operational in the second half of the current year thereby easing off the pressure from raw material prices.

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 prospects in the current year are mixed. The Industry has seen a strong recovery and demand growth of around 10% during 2009. This growth was tremendous but this was on a very low base of 2008 due to global recession. The 2009 saw strong recovery across all major economies but fresh euro-zone sovereign debt crisis and Chinese currency

uncertainty are worrying the markets and making consumer more cautious. In this backdrop, the demand is expected to see some slowdown effect in the year ahead. The raw material situation is balanced to tight but the second half of the current year should see better operation rate of the Industry following ease-off in the raw material situation. The cost of production is being reduced further by your company through innovative use of In-house developed technology.

Your Directors are confident that with further efforts to reduce the cost through energy conservation and by adding new range of value added products, your company shall be able to compete well and keep its market share and position intact.

## 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 profit of the Company for that period.

## INDIAN ACRYLICS LIMITED

- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The annual accounts have been prepared on a going concern basis.

### INTERNAL CONTROL SYSTEMS

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

### DIRECTORS

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

- i) PSIDC has nominated Shri S. S. Rajput on 30.09.2009 as a Director and Chairman in place of Shri Karan Avtar Singh.
- ii) PNB has nominated Shri S. K. Awasthi on 30.09.2009 as a Director in place of Shri Rohtash Kumar.
- iii) PSIDC has nominated Shri Anurag Agarwal on 30.03.2010 as a Director and Chairman in place of Shri S. S. Rajput.

Your Directors place on record appreciation of the valuable guidance rendered by Shri Karan Avtar Singh, Shri Rohtash Kumar and Shri S. S. Rajput during their association with the Company.

Rear Adm. M. M. Chopra and Shri Dheeraj Garg, Directors, retire by rotation and being eligible offer themselves for re-appointment. While Rear Admiral M. M. Chopra is an Independent Director, Shri Dheeraj Garg continues to be a nominee of Shri R K Garg in terms of the Articles of Association of the Company.

### AUDITORS

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

### LISTING OF SHARES

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

### DEMATERIALISATION

Effective 25th September 2000, the equity shares of your Company are being compulsorily traded in dematerialized form. As on 31st March 2010, a total of 1022 lacs equity shares, representing 77.81% of equity share capital have been dematerialized and about 32270 shareholders are holding shares in dematerialized 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 the Board of Directors

Place: Chandigarh  
Dated: 31<sup>st</sup> May, 2010

**ANURAG AGARWAL**  
**CHAIRMAN**



**INFORMATION AS PER SECTION 217(1)(E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010**

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

**FORM 'A'**

	Current Year	Previous Year
<b>A) POWER &amp; FUEL CONSUMPTION</b>		
1. a) Purchased Units (in lacs)	<b>36.85</b>	70.90
Total amount (Rs.in lacs)	<b>199.98</b>	321.46
Rate/Unit (Rupees)	<b>5.43</b>	4.53
b) Own Generation		
i) Through Turbine (Unit in lacs)	<b>532.85</b>	363.55
Total amount (Rs.in lacs)	<b>2014.39</b>	1230.24
Rate/Unit (Rupees)	<b>3.78</b>	3.38
ii) Through Diesel Generator (Unit in lacs)	<b>5.90</b>	3.68
Total amount (Rs.in lacs)	<b>57.56</b>	39.35
Rate/Unit (Rupees)	<b>9.75</b>	10.71
2) Fuel Oils used for Steam		
Quantity (Lacs Ltrs)	<b>0.04</b>	0.12
Total amount (Rs.in lacs)	<b>1.10</b>	3.60
Rate/Unit (Rupees)	<b>29.35</b>	30.98
3) Rice Husk for Steam Generation		
Quantity (MTs))	<b>64418</b>	45310
Total amount (Rs.in lacs)	<b>2243.66</b>	1475.53
Rate/Unit (Rupees)	<b>3.48</b>	3.26
<b>B) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Production of Acrylic Fibre & Waste (MT)	<b>36636</b>	28005
1.) Electricity (Units/MT)	<b>1487</b>	1440
Cost per unit of production of Fibre (Rs/MTs)	<b>5884</b>	5260
2) Furnace Oil (KL/MT)		
Rice Husk for process steam (Unit/MT)	<b>1758</b>	1618
Cost per unit of production of Fibre (Rs/MTs)	<b>6127</b>	5282

**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)  
Revenue :-RS.18.95 lacs (Previous year Rs.18.79 lacs.)



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### 2 Technology absorption, adoption and innovation

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

Technology Absorption Programme has been completed satisfactorily. The product range has been further diversified to produce new varieties of Acrylic Fibre. Efforts are on to further conserve the energy and to 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 achieved an export turnover of over Rs.113 crore during the year.

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.12727.65 Lacs  
(Previous year Rs.17579.38 Lacs)  
Earned : Rs.11084.50 Lacs  
(Previous year Rs.2644.29 Lacs)

For and on behalf of Board of Directors

Place: Chandigarh  
Date : 31.05.2010

**ANURAG AGARWAL**  
CHAIRMAN

### 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,2010.

S.No	Name of Employee	Designation	Experience (Yrs)	Date of Commencement of Employment	Qualification	Remuneration (Rs.in Lacs)	Age (Yrs)	Last Employment before joining
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Not Applicable as there was no employee who was drawing a salary of Rs. 24,00,000/- and above per annum if employed for full year or a salary of Rs. 2,00,000/- and above per month, if employed for a part of the year.

1. Remuneration includes Salaries, Allowances, Medical Reimbursement, Contribution towards Provident Fund and actual cost of perquisites borne by the company.

For and on behalf of Board of Directors

Place: Chandigarh  
Date : 31.05.2010

**ANURAG AGARWAL**  
CHAIRMAN



## REPORT ON CORPORATE GOVERNANCE

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

### BOARD OF DIRECTORS

The composition of the Board of Directors is governed by the provisions of the Companies Act, 1956 and the Articles of Association of the Company. Shri Anurag Agarwal, 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 Director on the Board of National Stock Exchange Ltd.; Shri Anurag Agarwal is the Managing Director of PSIDC, and Shri A K Mahajan is General Manager of PSIDC. Shri S K Awasthi, General Manager retired from Punjab National Bank, has been nominated on the Board by the Bank. Two Directors viz Shri R K Garg and Shri Dheeraj Garg represent the private promoters on the Board of the Company. Shri H K Singhal is the whole-time Director. All directors other than Shri R K Garg, Managing Director, Shri Dheeraj Garg, Additional Managing Director and Shri H K Singhal, Finance Director, are non-executive Directors on the Board.

### BOARD MEETINGS

During the year under review, 5 Board Meetings were held, one each on 29<sup>th</sup> May 2009, 30<sup>th</sup> June 2009, 30<sup>th</sup> September 2009, 29<sup>th</sup> December 2009 and 30<sup>th</sup> March 2010.

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

Name of Director	Category of Directors	Board Meeting attended	Attendance at last AGM	Directorship in other Public Companies	Committee Position held in other Public Companies
Shri Anurag Agarwal IAS (PSIDC Nominee)	Non Executive Director	1	1	8	-
Shri R K Garg	Mg. Director	3	-	7	-
Shri A K Mahajan (PSIDC Nominee)	Non Executive Director	1	-	10	3
Shri Dheeraj Garg	Additional Mg. Director	3	-	1	1
Prof (Dr) B B Tandon	Non Executive Director	5	-	3	1
Shri Rohtash Kumar (PNB Nominee)	Non Executive Director	1	-	3	-
Shri M M Chopra	Non Executive Director	4	-	3	2
Shri H K Singhal	Finance Director	4	Yes	6	7
Shri S K Awasthi	Non Executive Director	3	-	-	-

Shri Anurag Agarwal, PSIDC Nominee has replaced Shri S S Rajput on 30/03/2010., Shri S S Rajput, PSIDC Nominee has replaced Shri Karan Avtar Singh on 30/09/2009 and Shri S K Awasthi, PNB Nominee has replaced Shri Rohtash Kumar on 30/09/2009.

### 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:

## INDIAN ACRYLICS LIMITED

### AUDIT & COMPLIANCE COMMITTEE

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

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

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

### SUB-COMMITTEE OF BOARD OF DIRECTORS

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

### REMUNERATION/ COMPENSATION COMMITTEE

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

### REMUNERATION OF DIRECTORS

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

	<b>Shri R.K. Garg</b>	<b>Shri H K Singhal</b>	<b>Shri Dheeraj Garg</b>
-Designation	Managing Director	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	5% of the net profit including the above salary & perquisites	Nil	-
- Provident Fund	12% of the basic salary	12% of the basic salary	-
- Gratuity	As per the Payment of Gratuity Act.	As per the Payment of Gratuity Act.	-



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

#### GENERAL BODY MEETINGS

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

Nature of Meetings	Day	Date	Time	Venue
AGM	Tuesday	29.09.2009	11.30 a.m.	At Regd Office at Village Harkishanpura Distt Sangrur (Punjab)
AGM	Tuesday	30.09.2008	11.30 a.m.	Same as above
AGM	Monday	24.09.2007	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 were interested, were in the normal course of business and there were no materially significant related party transactions that might have had potential conflict with the interest of the Company at large.
- Shri R K Garg is also the Chairman of Steel Strips Wheels Ltd., Steel Strips Infrastructures Ltd., SAB Industries Ltd. and Steel Strips Ltd and Director of Indlon Chemicals Ltd. The group, headed by Shri R K Garg & Family members, namely Smt. Sunena Garg, Ms. Priya Garg, Shri Dheeraj Garg and Ms. Ute Mayr, comprises of the following companies:  
Indian Acrylics Ltd., SAB Industries Ltd., Steel Strips Wheels Ltd., Steel Strips Ltd., Steel Strips Infrastructures Ltd., Steel Strips Industries Ltd., Indlon Chemicals Ltd., SAB Developers Pvt. Ltd., Malwa Chemtex Udyog Ltd., S.S. Credits Pvt. Ltd., S.J. Mercantile Pvt. Ltd., Indian Acrylics Investments Ltd., Malwa Holdings Pvt. Ltd., Steel Strips Mercantile Pvt. Ltd., Steel Strips Financiers Pvt. Ltd., Steel Strips Holdings Pvt. Ltd., Munak International Pvt. Ltd., Munak Financiers Pvt. Ltd., Munak Investments Pvt. Ltd., S.A.B. Udyog Ltd., Chandigarh Developers Pvt. Ltd. and DHG Marketing Pvt. Ltd.
- There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Markets during the last three years.

#### INSIDER TRADING

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a "Code of Conduct for Prevention of Insider Trading". Sh. H K Singhal, 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 Bhavnesh Gupta, Company Secretary. The Secretarial Committee of the company meets as often as required. The Committee met 11 times during the year.

#### SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

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

## INDIAN ACRYLICS LIMITED

### 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 29<sup>th</sup> September 2010 at Regd. Office of the Company.

#### FINANCIAL CALENDER (Tentative)

Results for quarter ending June 30, 2010	:	Second Fortnight of July, 2010
Results for quarter ending Sept. 30, 2010	:	Second Fortnight of Oct. 2010
Results for quarter ending Dec. 31, 2010	:	Second Fortnight of Jan. 2011
Results for quarter ending Mar. 31, 2010	:	Second Fortnight of May 2011
Date of Book Closure	:	From 20 <sup>th</sup> September 2010 to 29 <sup>st</sup> September 2010
Dividend Payment Date	:	Not Applicable
Scrip Code on BSE	:	514165

### STOCK MARKET DATA

RS./ PER SHARE

#### BOMBAY STOCK EXCHANGE

MONTH	MONTH'S HIGH	MONTH'S LOW	NO. OF SHARE	NO. OF TRADE	NET STURNOVER (RS.)
April-09	4.03	1.71	1150129	1098	3,733,406.00
May-09	4.46	2.86	770030	789	2,823,652.00
June-09	5.60	3.90	1408911	1348	6,486,116.00
July-09	5.29	4.00	1366514	1128	6,268,985.00
August-09	5.69	4.35	1688808	1639	8,364,825.00
September-09	5.35	4.01	1161912	2086	5,583,676.00
October-09	5.97	4.00	2335216	2864	11,799,834.00
November-09	6.35	5.00	2436102	3022	13,787,458.00
December-09	6.62	5.30	2090865	2295	2,624,149.00
January-10	6.60	5.27	1678960	2411	0,309,561.00
February-10	6.45	5.45	1328836	1502	7,909,727.00
March-10	6.19	4.60	849854	1405	4,459,981.00

#### Shareholding Pattern as on 31<sup>st</sup> March 2010

Sr. No.	Particulars	No. of Shares	%age
1.	Promoters, Directors & Associates	69699435	53.08
2.	Bodies Corporate	9556068	7.27
3.	FI's & Mutual Funds	11793300	8.98
4.	NRI's	296302	0.23
5.	General Public	39977057	30.44
	Total	131322162	100.00



**Distribution of shareholding as on 31<sup>st</sup> March 2010**

Share holding of		Shareholders		Share Amount	
Face Value(Rs.)	Face Value (Rs.)	Number	%age to Total	In Rs.	%age to Total
10	To 5000	103754	92.30	139389890	10.62
5001	To 10000	4283	3.8	138773800	2.95
10001	To 20000	2007	1.7	933537380	2.55
20001	To 30000	695	0.62	18786110	1.43
30001	To 40000	305	0.27	11320960	0.86
40001	To 50000	438	0.39	21473370	1.64
50001	To 100000	500	0.44	39163340	2.98
		<b>112415</b>	<b>100</b>	<b>1313221620</b>	<b>100</b>

**Dematerialization of shares and liquidity:**

Trading in Equity shares of our company is permitted only in dematerialized form effective from 26.09.2000 as per the notification issued by the Securities and Exchange Board of India (SEBI). Our company has signed agreements with both the Depositories viz. NSDL & CDSL. The Company has appointed M/s Alankit Assignments Ltd. 2E/21, Alankit House, Jhandewalan Extension, New Delhi 110055, as common agency to look after dematerialization of shares as well as for physical transfer of shares. Our Company's capital comprises only of Equity Shares and the company does not have any preference shares, ADRs or GDRs. The company has dematerialized 1022 lakhs equity shares comprising 77.81% of the total Equity till date.

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

**REGISTERED OFFICE & WORKS:**

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

**ADDRESS FOR CORRESPONDENCE & CORPORATE OFFICE:**

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

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

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

Website : www.indianacrylics.com

On Behalf of Board of Directors

**ANURAG AGARWAL**  
**CHAIRMAN**

**Place: Chandigarh**  
**Dated: 31<sup>ST</sup> May 2010**

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

Name of Director	Sh. M M Chopra	Sh. Dheeraj Garg
Date of Birth	8/03/1933	11/05/1972
Date of Appointment	9/05/1999	29/11/1997
Qualification Experience in Specific functional areas	Retired from Indian Navy where he held various prestigious positions. After retiring from navy, he has functioned as the Director of M/s National Stock Exchange Ltd. He has been guiding our Company to streamline procedures, better co-ordination and faster decision making.	A Business Administrator Graduate from U.S.A. is the Managing Director of the Steel Strips Wheels Limited.He is having more than 14 years Industrial Experience of varied nature to his credit.
Chairman/ Member of the Committee of Board of Directors of the Company.	Chairman of Audit Committee, Remuneration Committee and Member of Sub-Committee	Chairman of Sub-Committee of Steel Strips Wheels Ltd.
Chairman/ Member of the Committee of Directors of other Companies in which he is a Director	Member of audit Committee of Steel Strips Ltd.	Member of Secretarial Committee.
No. of shares held in the Company	Nil	1104434

## INDIAN ACRYLICS LIMITED

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### CERTIFICATE OF CORPORATE GOVERNANCE

We have examined the Company's compliance of conditions of Corporate Governance by Indian Acrylics Limited for the year ended on 31st March 2010 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: 31.05.2010

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

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### 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, 2010 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: 31.05.2010

**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 31.03.2010 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 31.03.2010 and taken on record by the Board of Directors, we report that none of the Directors

is disqualified as on 31.03.2010 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 31.03.2010, and,
  - (b) In the case of Profit and Loss Account, of the Profit 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 : 31.05.2010

**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 (l) 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                             |
|---------------|----------------------|-----------------------------------|
| SalesTax      | 78.68                | Supreme Court                     |
| Excise Duty   | 99.36                | Commissioner, Excise              |
|               | 2.81                 | Asstt. / Dy. Commissioner, Excise |
|               | 21.29                | Cestat                            |
|               | 113.95               | Additional Commissioner (Excise)  |
|               | 8.20                 | Commissioner (Appeals) Excise     |
| Custom duty   | 314.95               | Supreme Court                     |
|               | 29.37                | Additional Commissioner (Customs) |
|               | 17.79                | Cestat                            |
|               | 54.55                | Commissioner (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.10002.60 lakhs and are more than 50% of its net worth. It has earned cash profit in the financial year under review and incurred cash loss in the immediately preceding financial year.
11. The company has defaulted in payment of dues to IDBI amounting to Rs.1361 lakh on account of instalments of principal loan and Rs.1259 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 2010.
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 : 31.05.2010

**S.C. Dewan**  
Partner



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

PARTICULARS	SCHEDULE	AS AT 31.03.2010 (Rs in lacs)	AS AT 31.03.2009 (Rs in lacs)
<b>SOURCE OF FUNDS</b>			
Shareholders' Funds	1	13,132.22	13,132.22
Reserves & Surplus	2	119.23	119.23
<b>LOAN FUNDS</b>			
Secured Loans	3	11,845.83	17,715.05
Total		<u>25,097.28</u>	<u>30,966.50</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	40,118.98	39,786.89
Less: Depreciation		25,776.77	23,779.66
Net Block		14,342.21	16,007.23
Capital Work-in-Progress (including advances on capital account)		293.76	382.82
		<u>14,635.97</u>	<u>16,390.05</u>
<b>INVESTMENTS</b>	5	-	31.32
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	6	6,559.94	8,231.90
Sundry Debtors	7	3,336.05	2,177.33
Cash and Bank Balances	8	1,466.53	2,868.83
Other Current Assets	9	253.79	311.97
Loans & Advances	10	1,900.20	2,498.28
		13,516.52	16,088.31
Less: Current Liabilities & Provision	11	13,057.81	14,754.21
Net Current Assets		458.71	1,334.10
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)			
<b>Profit &amp; Loss Account</b>		10,002.60	13,211.03
Total (Rs.)		<u>25,097.28</u>	<u>30,966.50</u>
<b>Notes on Accounts</b>	16		

### AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

**ANURAG AGARWAL**  
Chairman

**R.K. GARG**  
Mg. Director

**B.B. TANDON**  
Director

Place: CHANDIGARH  
Dated: 31.05 2010

**S.C. Dewan**  
Partner

**H.K. SINGHAL**  
Finance Director

**B.K. GUPTA**  
Company Secretary

**INDIAN ACRYLICS LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

PARTICULARS	SCHEDULE	AS AT 31.03.2010 (Rs in lacs)	AS AT 31.03.2009 (Rs in lacs)
<b>INCOME</b>			
Sales and Other Income	12	<u>41,887.03</u>	<u>36,809.42</u>
<b>EXPENDITURE</b>			
Manufacturing & Other Expenses	13	<u>34,778.07</u>	41,577.69
Financial Expenses	14	<u>1,870.73</u>	1,535.16
Depreciation		<u>1,997.11</u>	1,059.40
		<u>38,645.91</u>	<u>44,172.25</u>
Profit / (Loss) before Taxation and Non recurring / Extraordinary Items		<b>3,241.11</b>	(7,362.84)
Extra ordinary Items			
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	<u>(28.16)</u>	<u>(15.64)</u>	
		<u>(28.16)</u>	<u>3,239.14</u>
Profit / (Loss) after Taxation and Non recurring / Extraordinary Items		3,212.95	(4,123.70)
Provision for Tax			
- Fringe Benefits Tax	0.88	6.51	
- Income Tax (MAT)	<u>3.64</u>	<u>-</u>	
		<u>4.52</u>	<u>6.51</u>
Profit / (Loss) after Taxation carried to Balance Sheet		3,208.43	(4,130.21)
Loss Brought forward from previous year		13,211.03	9,080.81
Net Loss carried over to Balance Sheet		<u>10,002.60</u>	<u>13,211.03</u>
Earning / (Loss) per share - Basic and Diluted (Rs.)		2.45	(3.15)
Weighted average number of shares		13,13,22,162	13,13,22,162

**AUDITORS' REPORT**

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

**ANURAG AGARWAL**  
Chairman

**R.K. GARG**  
Mg. Director

**B.B. TANDON**  
Director

Place: CHANDIGARH  
Dated: 31.05 2010

**S.C. Dewan**  
Partner

**H.K. SINGHAL**  
Finance Director

**B.K. GUPTA**  
Company Secretary



## CASH FLOW STATEMENT FOR 31ST MARCH, 2010

	CURRENT YEAR	(Rs. in Lacs) PREVIOUS YEAR
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	3,241.11	(7,362.84)
ADJUSTMENT FOR :		
i) ADD : DEPRECIATION	1,997.11	1,059.40
ii) ADD : INTERST & FINANCIAL CHARGES EXPENSES	1,870.73	1,535.16
LESS : FRINGE BENEFITS TAX	0.88	6.51
LESS : INCOEME TAX (MAT)	3.64	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7,104.44	(4,774.80)
ADJUSTMENTS FOR :		
TRADE AND OTHER RECEIVABLES	(560.65)	2,400.33
INVENTORIES	1,671.96	1,996.89
TRADE PAYABLES / CURRENT LIABILITIES	(1,696.40)	(499.43)
CASH GENERATED FROM OPERATIONS	6,519.37	(877.00)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		
EXTRAORDINARY ITEMS / PRIOR PERIOD ADJUSTMENT	(28.16)	3,239.14
NET CASH FROM OPERATING ACTIVITIES	6,491.20	2,362.14
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
PURCHASE OF FIXED ASSETS	243.06	91.65
SALE OF USED CAR	-	1.54
INVESTMENTS (LONG TERM)	(31.32)	(0.75)
NET CASH USED IN INVESTING ACTIVITIES	211.74	89.36
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
INTEREST & FINANCIAL CHARGES PAID	1,504.18	2,682.19
SUBSIDY RECIEVED	-	50.00
TERM LOANS & OTHER SHORT TERM DEBT REPAYMENTS*	6,526.82	(1818.64)
NET CASH USED IN FINANCING ACTIVITIES	8,030.99	813.54
<b>D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
NET INCREASE/(DECREASE) IN CASH AND CASH EUQVALENTS	(1,751.53)	1,459.24
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	1,941.26	482.01
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	189.72	1,941.25

\* Including reduction in short Term Debt by Rs. 5723.03 Lacs

### AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

**ANURAG AGARWAL**  
Chairman

**R.K. GARG**  
Mg. Director

**B.B. TANDON**  
Director

Place: CHANDIGARH  
Dated: 31.05 2010

**S.C. Dewan**  
Partner

**H.K. SINGHAL**  
Finance Director

**B.K. GUPTA**  
Company Secretary

## INDIAN ACRYLICS LIMITED

### SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

PARTICULARS	AS AT 31.03.2010 (Rs in lacs)	AS AT 31.03.2009 (Rs in lacs)
<b>SCHEDULE '1' SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1500 Lac (Previous Year 1500 Lac) Equity Shares of Rs. 10/- each	<b>15,000.00</b>	15,000.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
131322162 Equity Shares of Rs.10/- each fully paid up. (Previous year 131322162)	<b>13,132.22</b>	13,132.22
Total (Rs.)	<b>13,132.22</b>	13,132.22
<b>SCHEDULE '2' RESERVES &amp; SURPLUS</b>		
<b>1 CAPITAL RESERVE</b>		
Capital Subsidy	-	80.00
Less: Transfer to general Reserve	-	80.00
Total	-	-
<b>2 GENERAL RESERVE</b>		
Opening Balance	<b>80.00</b>	-
Add: Transfer from Capital Subsidy	-	80.00
Total	<b>80.00</b>	80.00
<b>3 SHARE PREMIUM</b>	<b>39.23</b>	39.23
Total (Rs.)	<b>119.23</b>	119.23
<b>SCHEDULE '3' SECURED LOANS</b>		
<b>1 From Financial Institutions</b>		
Foreign Currency Loans (already crystallised in rupees)	<b>678.68</b>	678.68
Rupee Term Loan	<b>1,492.51</b>	1,492.51
Funded Interest	<b>1,747.87</b>	1,747.87
Interest Accrued and due	<b>1,708.62</b>	1,329.02
Total	<b>5,627.68</b>	5,248.08
Less : Adhoc payments made during the year 2008-09 to IDBI pending Restructuring/Settlement	<b>450.00</b>	450.00
Total	<b>5,177.68</b>	4,798.08
<b>2. From Banks</b>		
Rupee Term Loans	<b>607.96</b>	807.94
Working Capital Term Loan (Rupee Loan)	<b>250.12</b>	374.02
Foreign Currency Loans	<b>2,133.47</b>	2,613.37
Cash Credit Account	<b>1,530.60</b>	1,239.56
Short Term Debt	<b>2,128.71</b>	7,851.74
Interest Accrued and Due	<b>17.30</b>	30.34
Total (Rs.)	<b>11,845.83</b>	17,715.05
i) The Term Loans / working capital term loan from Financial Institutions / banks are secured by mortgage created or to be created on all the immovable assets of the Company, both present and future, hypothecation of all the moveable assets including movable machinery, machinery parts, tools and accessories and other movables, both present and future (save and except book debts), subject to charges created or to be created in favour of the Company's Bankers for securing working capital limits. These Loans are further guaranteed by the managing director besides two directors.		
ii) 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.		
iii) Short Term Debt is secured against the letters of comfort issued by Banks.		



## SCHEDULE - '4' FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as at 31.03.09	Additions	Sale	Cost as at 31.03.10	Upto 31.03.09	For the year	Upto 31.03.10	As at 31.03.10	As at 31.03.09
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
A. Land	265.19	-	-	265.18	-	-	-	265.18	265.18
B. Site Development	335.60	-	-	335.60	-	-	-	335.60	335.60
C. Building									
i. Factory	5,786.44	14.01	-	5,800.45	2,397.18	193.39	2,590.58	3,209.87	3,389.26
ii. Housing Colony	301.92	-	-	301.92	77.22	4.92	82.13	219.79	224.70
D. Plant & Machinery	31,831.23	249.60	-	32,080.83	20,526.51	1,723.88	22,250.37	9,830.45	11,304.73
E. Electrical Installation	644.52	54.20	-	698.72	301.30	48.09	349.39	349.33	343.22
F. Tubewell	20.58	6.63	-	27.21	4.25	0.36	4.60	22.60	16.33
G. Weigh Bridge	11.27	-	-	11.27	8.29	0.54	8.84	2.43	2.98
H. Tools & Implements	33.01	-	-	33.01	27.37	0.78	28.15	4.86	5.64
I. Furniture/ Fixture & Office Equipment	428.75	5.07	-	433.82	320.07	22.08	342.13	91.68	108.68
J. Vehicles	128.37	2.60	-	130.97	117.48	3.08	120.56	10.41	10.89
<b>Total (Rs.)</b>	<b>39,786.88</b>	<b>332.11 #</b>	<b>0.00</b>	<b>40,118.98</b>	<b>23,779.66</b>	<b>1,997.11</b>	<b>25,776.77</b>	<b>14,342.21</b>	<b>16,007.24</b>
Previous Year	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

### CAPITAL WORK IN PROGRESS

	As At 31.03.2010 (Rs.in Lacs)	As At 31.03.2009 (Rs.in Lacs)
1. Advance to Capital Goods Suppliers	233.33	149.05
2. Expenses Pending Allocation (Schedule-15)	-	0.33
3. Building/Plant & Machinery under Erection/ Installation	60.44	233.44
<b>Total (Rs.)</b>	<b>293.77</b>	<b>382.81</b>

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

### SCHEDULE - '5' INVESTMENTS

Investment (Unquoted) - Long Term - Non Trading

Investment in Subsidiary - at cost	31.32	32.07
Less : Reduction in carrying amount	6.58	0.75
Less : Investment received back during the year	24.74	-
<b>Total (Rs.)</b>	<b>-</b>	<b>31.32</b>

### SCHEDULE - '6' INVENTORIES

(As taken valued and certified by the Management)

(At lower of cost or estimated realisable value)

1. Raw Materials	1,812.18	1,043.47
2. Raw Material at Port	5.28	4,598.22
3. Raw Material at High Seas Transit	2,300.18	-
4. Raw Material in Inland Transit	30.80	400.66
5. Consumable Stores	764.01	887.79
6. Stock in Process	466.58	566.36
7. Finished Goods	1180.92	735.39
<b>Total (Rs.)</b>	<b>6,559.94</b>	<b>8,231.90</b>

## INDIAN ACRYLICS LIMITED

PARTICULARS	AS AT 31.03.2010 (Rs in lacs)	AS AT 31.03.2009 (Rs in lacs)
<b>SCHEDULE - '7' SUNDRY DEBTORS</b>		
(Unsecured and considered good unless otherwise stated) Outstanding for a period exceeding six months		
	179.98	206.59
Less: Provision for bad & doubtful debts	<u>81.49</u>	<u>92.31</u>
	98.49	114.28
Others - Considered good	<u>3,237.57</u>	<u>2,063.05</u>
Total (Rs.)	<u><u>3,336.05</u></u>	<u><u>2,177.33</u></u>
<b>SCHEDULE - '8' CASH &amp; BANK BALANCES</b>		
Cash-in-Hand	4.71	2.00
Cheques and Drafts in Hand pending Collection	413.18	234.11
<b>WITH SCHEDULED BANK</b>		
In Current Account	417.07	668.54
Fixed Deposit Receipts (Under bank lien)	<u>631.56</u>	<u>1,964.18</u>
Total (Rs.)	<u><u>1,466.53</u></u>	<u><u>2,868.83</u></u>
<b>SCHEDULE - '9' OTHER CURRENT ASSETS</b>		
Security Deposits	90.34	129.53
Interest Receivable	41.88	64.36
Prepaid Expenses	61.06	80.97
Tax Deducted At Source	<u>60.51</u>	<u>37.11</u>
Total (Rs.)	<u><u>253.79</u></u>	<u><u>311.96</u></u>
<b>SCHEDULE - '10' LOANS AND OTHER ADVANCES</b>		
(Unsecured considered good)		
(Advance recoverable in Cash or in kind or for value to be received)		
Accumulated Cenvat	1,171.09	1,926.75
Other Advances	<u>729.12</u>	<u>571.53</u>
Total (Rs.)	<u><u>1,900.20</u></u>	<u><u>2,498.28</u></u>
<b>SCHEDULE - '11' CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
<b>i. Sundry Creditors</b>		
- For Purchase-SME units	27.99	34.43
- Others	<u>10,469.74</u>	<u>12,164.31</u>
- For Capital Goods	64.48	69.82
- Expenses Payable	<u>643.60</u>	<u>767.05</u>
<b>ii. Other Liability</b>	<u>559.31</u>	<u>507.02</u>
<b>iii. Cheques Issued But not yet presented for payment</b>	<u>59.49</u>	<u>96.62</u>
<b>B. PROVISIONS</b>		
-Provisions for Cenvat doubtful of recovery	963.35	963.35
-Provisions for Gratuity & Earned leaves	120.69	90.41
-Provisions for Excise Duty on Finished Goods	75.13	24.07
-Provision for Income Tax (MAT)	3.64	-
-Provisions for Others	<u>70.38</u>	<u>37.12</u>
Total (Rs.)	<u><u>13,057.81</u></u>	<u><u>14,754.20</u></u>



PARTICULARS	AS AT	AS AT
	31.03.2010 (Rs in lacs)	31.03.2009 (Rs in lacs)

#### SCHEDULE '12' - SALE AND OTHER INCOME

I.	<b>GROSS SALES</b>		
	- Domestic	31,718.39	35,471.10
	- Export	11,327.58	2,800.05
	Total	43,045.97	38,271.15
	- Less: Excise Duty	2,219.97	1,838.01
	- <b>NET SALES</b>	40,826.00	36,433.14
II.	Sales of Scrap	161.42	69.63
III.	Interest Received on Fixed Deposits with Banks & on Income Tax Refund	60.26	90.96
IV.	Agricultural Income	2.61	2.78
V.	Exchange Fluctuation (Import)	553.22	0.00
VI.	Sale of Certified Emission Reductions	160.85	90.53
VII.	Sale of Power	107.18	121.70
VIII.	Others Misc. Income	15.48	0.67
	Total	41,887.03	36,809.41

#### SCHEDULE - '13' SALE & MANUFACTURING & OTHER EXPENSES

I)	<b>MANUFACTURING COST</b>		
	Raw Material Consumed	25,497.71	26,431.58
	Purchase of Goods Traded & Yarn Charges	1,926.29	6,339.99
	Power & Fuel	4,532.85	3,077.70
	Repair & Maintenance	197.16	102.51
	Stores, Spares, Consumables	873.27	472.70
	Factory Expenses	186.54	117.97
		33,213.81	36,542.15
	(Increase)/Decrease in stock of finished goods, work in progress		
	Opening Stock		
	Finished Goods		
	- Own Manufactured	605.09	925.73
	- Trading	130.31	596.84
	Stock in Process	566.36	472.79
	Total	1,301.76	1,995.36
	Closing Stock		
	Finished Goods		
	- Own Manufactured	864.26	605.09
	- Trading	316.66	130.31
	Stock in Process	466.58	566.36
		1,647.49	1,301.76
	(Increase)Decrease in stock	(345.74)	693.60
	<b>EMPLOYEE COST</b>		
	Salary & Other Allowances	689.48	586.92
	Contribution to PF & Other funds	69.86	56.60
	Staff welfare	65.59	67.76
	Staff Training and Recuritment	6.28	6.79
	Gratuaity	47.28	11.04
	Managerial Remuneration	22.40	67.43
		900.89	796.53
	<b>ADMINISTRATIVE COST</b>		
	Rent	73.01	95.00
	Rates and Taxes	6.07	6.06
	Auditors' Remuneration	6.00	6.00
	Advertisements & Publicity	0.42	1.68
	Insurance	36.77	39.66



## INDIAN ACRYLICS LIMITED

PARTICULARS	AS AT 31.03.2009 (Rs in lacs)	AS AT 31.03.2008 (Rs in lacs)
Travelling Expenses-Foreign		
- Director	21.30	0.64
- Others	21.55	12.16
Travelling Expenses-Inland		
- Directors	2.42	2.87
- Others	64.70	61.85
Miscellaneous Expenses	206.93	163.32
Exchange Fluctuation (Import)	-	2,878.98
(Profit) / Loss on sale of assets	-	0.23
Bad and Doubtful Debts	-	15.62
Bad and Doubtful Advances	7.55	-
Decrease in carrying amount of investment in subsidiary	6.58	0.75
	<u>453.29</u>	<u>3,284.82</u>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
- Freight Outward	139.55	151.45
- Commission	35.39	4.55
- Cess and Acrylic Fibre	-	-
- Others	6.94	19.59
Export Expenses		
- Commission	59.72	25.92
- Freight Forwarding & Clearing Expenses	314.22	59.36
	<u>555.81</u>	<u>260.86</u>
Total (Rs.) :-	<u>34,778.07</u>	<u>41,577.96</u>
Less: Transfer to Project under commissioning	-	0.28
Pre-Operative/Trial-run Expenses		
Total	<u>34,778.07</u>	<u>41,577.68</u>

### SCHEDULE - '14' INTEREST & FINANCIAL EXPENSES

1. Interest on Term Loans & WCTL	716.67	818.13
2. Working Capital interest & Bank Charges	1,154.06	717.03
Total	<u>1,870.73</u>	<u>1,535.16</u>

### SCHEDULE - '15' PRE-OPERATIVE EXPENSES PENDING ALLOCATION

1. Opening Balance	0.33	13.04
Add: Pre-operative/trial Run Expenses transferred from Manufacturing & other Expenses	0.00	0.28
Total (Rs.)	<u>0.33</u>	<u>13.32</u>
Less: Capitalized	0.33	12.99
Balanced carried over to Capital	-	0.33
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:

S.No.	Name of Asset	
1.	Building	SLM Basis
2.	Plant & Machinery	
	a) All Machinery commissioned for Phase-I during 1993-94 for capacity of 12000 MT per annum	WDV Basis (See Note 24)
	b) Others	SLM Basis
3.	Other Assets (Vehicles, Furniture & Fixture)	WDV Basis

The plant being a continuous process plant, 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 :

	<b>As at 31.03.2010 (Rs.in Lacs)</b>	As at 31.03.2009 (Rs.in Lacs)
a) Letters of Credit outstanding for Import of Raw materials / Spares	<b>2871.09</b>	1099.02
b) Claims against the company / disputed liabilities not acknowledged as debts:		
i) In respect of Sales Tax Surcharge on exempted sales	<b>78.68</b>	78.68
ii) In respect of Excise Duty demand on account	<b>560.55</b>	549.85
of valuations & cenvat credit disputes.		
iii) In respect of custom duty on account of cancellation	<b>101.71</b>	181.13
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.		
iv) Others *	<b>519.00</b>	519.00

## INDIAN ACRYLICS LIMITED

\* 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 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-Judice. In the opinion of the management and as per the legal advice received by the company, no liability against the company has yet arisen. Accordingly, the awarded amount is not considered as a liability. As such, no provision for the same has been made in the books.

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.244.28 lacs Rs.40.98 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. However, Provision of MAT has been made in the financial year
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.1.13 Lacs (Previous year Rs.11.96 lacs), maximum during the year Rs.13.46 lacs (Previous year Rs.13.55 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.81.49 lacs ( Previous year Rs.92.31 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.81.49 lacs (Previous year Rs.92.31 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.2136.37 lacs as at 31.03.2010 (including Rs. 3388.61 lacs upto 31.03.2009) 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 <sup>st</sup> April, 09	For the year 2009-2010	(Rs. in lacs) As at 31 <sup>st</sup> Mar,10
<b>Deferred Tax Assets being tax impact thereon</b>			
(i) Tax on unabsorbed losses and / or depreciation carried forward as per Income tax laws.	5523.79	(1890.90)	<b>3632.89</b>
(ii) Tax on expenses charged in the books, but allowance deferred under Income tax laws	865.82	276.08	<b>1141.90</b>
Total :	6389.61	(1614.82)	<b>4774.79</b>
<b>Deferred Tax Liabilities being tax impact thereon</b>			
(i) Tax on difference between written down value of block of assets as per Income tax laws and written down value of the fixed assets as per books of accounts.	3001.00	(362.58)	<b>2638.42</b>
(ii) Others	-	-	-
Net Deferred Tax Asset	3388.61	(1252.24)	<b>2136.37</b>

### 12. EARNING PER SHARE (EPS) Basic/Diluted Earning Per Share

		Current Year (Rs.in lacs)	Previous Year (Rs.in lacs)
Profit / (Loss) after tax as per profit & loss account		<b>3208.43</b>	(4130.22)
Less : Dividend and tax thereon in respect of preference shares		-	-
Profit available for the shareholders	(A)	<b>3208.43</b>	(4130.22)
No. of equity shares	(B)	<b>131322162</b>	131322162
Earning / (Loss) per share (Rs.) (basic & Diluted)	(A/B)	<b>2.45</b>	(3.15)
Nominal value per equity share		<b>Rs.10.00</b>	Rs.10.00



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

	Current Year(No)	Previous Year(No)
No. of equity shares at the beginning of the year	131322162	131322162
No. of equity shares issued during the year	-	-
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	131322162

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 invested a sum of Rs.56.67 lacs in Indilon 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 of 6.58 lacs in the carrying amount is written off to Profit and Loss Account. This subsidiary company has been closed during the year and balance of Rs. 24.74 lacs received back. As such investment at the end of the year is nil.

#### 15. Managerial Remuneration

The remuneration payable to the Managing Director and Finance Director was approved by the shareholders in the AGM held on 29th Sept 2009. The same is Rs.2 lacs per month and annual perquisites upto Rs.24 lacs per annum plus 5% commission on the net profits payable to the Managing Director and Rs.1 lacs per month plus reimbursement of house rent upto 60% of the salary and other perquisites upto maximum Rs.12 lacs per annum to Finance Director. The company applied to Govt., Department of Company Affairs for their approval. The Department of company Affairs has approved a remuneration @ Rs.75000/- per month payable to the Managing Director w.e.f. 01-03.2009 and same amount to the Finance Director w.e.f. 01-02-2009 pending further review. Accordingly, the same has been provided for in the books of accounts on the basis of Govt. approval.

Profit & Loss Account includes Managerial remuneration as under:

	Current Year(Rs.in Lacs)	Previous Year(Rs.in Lacs)
Salary	14.63	33.55
Perquisites / Sitting Fee	6.02	29.86
Contribution towards Provident Fund	1.75	4.02
Total:	22.40	67.43

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.

As and when, the Govt. approval for the payment of the remuneration as approved by the shareholders is obtained, the balance amount of the remuneration shall be provided in books of account in that year.

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 31<sup>st</sup> March 2010 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:

Details 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	(Rs.in lacs)	
				Total for Current Year	Total for Previous Year
Purchase of Fixed Assets	NIL	NIL	NIL	NIL	NIL
Purchase of goods (net)	Rs. 5.25	NIL	NIL	Rs. 5.25	NIL
Recoverable at end of previous year	Rs. 1.13	NIL	NIL	Rs.1.13	Rs.11.96
Services availed	NIL	NIL	Rs. 17.88	Rs. 17.88	Rs. 18.25
Civil Construction & Maintenance	NIL	NIL	NIL	NIL	Rs. 3.59
Lease Rent paid	NIL	NIL	Rs. 32.28	Rs. 32.28	Rs. 44.19
Management Contracts (Salaries)	NIL	Rs. 22.40	NIL	Rs. 22.40	Rs. 67.43
Remuneration paid to relatives of KMP during the year.				Rs.1.77	Rs. 1.80
Amounts written off or written back in the period in respect of debts due from or to related parties.			NIL	NIL	

#### Note:

1. Subsidiary Company : 1). Indlon Chemicals Ltd  
2). Indilon Acrylics (Shanghai) Co. Ltd.
2. Key Management Personnel (Whole time Directors) : Mr.R.K.Garg Managing Director : Mr.H.K.Singhal Finance Director : Mr. Dheeraj Garg Addl. Managing Director

## INDIAN ACRYLICS LIMITED

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

	Cenvat Doubtful of Recovery	Employee Benefits (Gratuity Earned Leave)*	Excise duty on Finished Goods lying in stocks	Doubtful Debts.	Others
	( Rs in Lacs)				
Balance as at April 1,2009	963.35	90.41	24.07	92.31	37.12
Provision made during the year	-	30.28	75.13	-	36.90
Provision written off/ back during the period	-	-	24.07	10.82	-
<b>Balance as at March 31,2010</b>	<b>963.35</b>	<b>120.69</b>	<b>75.13</b>	<b>81.49</b>	<b>74.02</b>

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

19. Sundry creditors include a sum of Rs.2.18 lacs (Previous Year Rs.1.79 Lacs) due to Micro and Small & Medium Undertakings which are outstanding for more than 45 days as at 31.03.10. 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	4.50
Certification Charges	1.50	1.50
<b>Total</b>	<b>6.00</b>	<b>6.00</b>

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 31<sup>st</sup> March, 2010 amounted to Rs.1171.09 lacs (Previous year Rs.1926.75 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. This provision was made during the year 2008-09. The company is confident of use of the balance cenvat of Rs. 207.69 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 has taken the Group Gratuity and Group Leave encashment policies from LIC and entire premiums demanded by them for the year 2009-10 have been paid / provided for as per the requirements of AS-15.
24. Phase I of the plant consisting of installed capacity of 12,000 MT per annum was commissioned during the year 1993-94. Depreciation in respect of machinery installed in Piping, Polymer, Solution & Monomer Preparation, Filtration & recovery section, all utilities machinery including power generation & distribution system and wash draw section is being charged on written down value method. And depreciation on remaining machines is being charged on straight line method. In view of technological changes in Acrylic Fibre Industry and obsolescence, the method of depreciation has been changed during this year from straight line method to written down value method in respect of all the remaining items of plant & machinery and electrical installation commissioned in 1993-94.

In compliance with the Accounting Standards (AS6) issued by the institute of Chartered Accountants of India, depreciation has been recomputed from the date of commissioning / capitalization of Plant & Machinery & Electrical Installation at WDV rates applicable to those years. Consequent to this change, there is additional charge during the year of Rs. 471.64 lacs including the effect relating to previous years and the same has been charged to Profit & Loss Account.

Had there been no change in the method of depreciation, the charge would have been lower by above amount and accordingly profit for the current year would have been higher by the same amount.



**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	2009-2010 Qty.(MT)	2008-2009 Qty.(MT)	
1)	Licensed/Registered Capacity	Acrylic Fibre & Waste	<b>Delicensed</b>	Delicensed	
2)	Installed Capacity #	Acrylic Fibre & Waste	<b>42000</b>	42000	
3)	Production	Acrylic Fibre	<b>35971</b>	27543	
		Acrylic Fibre Waste	<b>665</b>	462	
# AS certified by the Management and relied on by the Auditors being a technical matter.					
			<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	
4)	<b>Raw Material consumed</b>	Qty.(MT)	Value(Rs.in Lacs)	Qty.(MT)	Value(Rs.in Lacs)
i)	Acrylonitrile	33775	22053.98	25790	23527.52
ii)	Dimethyl Formamide	1048	527.93	832	453.35
iii)	Methyl Acrylate	1391	837.70	1617	1215.52
iv)	V.A.M	924	435.36	93	48.27
iv)	Others	-	1642.74	-	1186.92
5)	<b>Stock &amp; Sales of goods produced</b>				
i)	Opening Stock				
	Acrylic Fibre	627	593.32	774	886.48
	Acrylic Fibre Waste	21	11.77	66	39.25
ii)	Closing Stock				
	Acrylic Fibre	597	828.69	627	593.32
	Acrylic Fibre Waste	76	35.57	21	11.77
iii)	Sales				
	Acrylic Fibre	36001	40745.07	27690	31621.47
	Acrylic Fibre Waste	610	328.58	507	280.84
6)	<b>Purchase, Sale and stocks of goods traded in (Acrylic Yarn / Fibre)</b>				
i)	Opening Stock	109	130.31	528	596.84
ii)	Purchase	1393	1926.29	4189	6339.69
iii)	Sale	1173	1972.32	4563	6368.84
iv)	Capitive	42	-	-	-
v)	Closing Stock	277	316.66	109*	130.31
* The closing stock is net of processing loss of 10 MT (Previous year processing loss of 45 MT).					
B)	<b>CIF Value of imported goods</b>				
a)	Raw Material		19800.47	-	18689.50
b)	Components & Spare parts		213.05	-	70.04
c)	Capital goods		-	-	-
C)	<b>Consumption of Raw-Materials &amp; Stores and spares</b>				
i)	Raw Material	%age	(Rs.in Lacs)	%age	(Rs.in Lacs)
a)	Indigenous	22.39	5707.70	7.02	1855.62
b)	Imported	77.61	19790.01	92.98	24575.96
ii)	Store and Spares				
a)	Indigenous	78.99	689.83	77.60	366.80
b)	Imported	21.01	183.44	22.40	105.90
D)	<b>Expenditure in Foreign Currency</b>		<b>Current Year</b>	<b>Previous Year</b>	
a)	Directors Travelling		11.92	0.64	
b)	Staff Travelling		9.58	4.70	
E)	<b>Earnings in Foreign Exchange</b>		11084.50	2644.29	
F)	<b>- F.O.B Value of Export</b>		11084.50	2644.29	
G)	<b>Expenditure on Employees</b>				
i)	Employees drawing remuneration of not less than Rs.24,00,000/- per annum(previous year Rs.24,00,000/-) and employed throughout the year :				
	- No. of Employees			Nil	1
	- Salaries and Allowances (Rs.in Lacs)			Nil	45.75
	- Contribution to Provident & Other Fund (Rs in Lacs)			Nil	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. **ANURAG AGARWAL**  
Chartered Accountants Chairman

**R.K. GARG**

**B.B. TANDON**

Place  
Date

## 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 31.03.2010

**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	2509728	Total Assets	2509728
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**Source of funds**

**Application of Funds**

Paid-up Capital	1313222	Net Fixed Assets	1463597
Reserves & surplus	11923	Investments	-
Secured Loans	1184583	Net Current Assets	45871
Unsecured Loans	--	Misc. Expenditure	--

**iv) PERFORMANCE OF COMPANY**

Accumulated Losses	1000260
--------------------	---------

Turnover	4188703
Total Expenditure	3864591
Profit/(Loss) before Tax	321295
Profit/(Loss) after Tax	320843
Earning Per Share in Rs.	2.45
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
5505.10	ACRYLIC WASTE

**AUDITORS' REPORT**

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

**ANURAG AGARWAL**  
Chairman

**R.K. GARG**  
Mg. Director

**B.B. TANDON**  
Director

Place: CHANDIGARH  
Dated: 31.05 2010

**S.C. Dewan**  
Partner

**H.K. SINGHAL**  
Finance Director

**B.K. GUPTA**  
Company Secretary



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

1. Name of subsidiary company Co. Ltd.	Indlon Chemicals Ltd.
2. The financial year of the subsidiary company ended on.	31st March, 2010
3. Date from which it became subsidiary company.	31st August, 1994
4. (a) Number of shares held by Indian Acrylics Ltd. in the subsidiary at the end of the financial year of the subsidiary company.	Nil
(b) Extent of interest of holding company at the end of the financial year of subsidiary.	Subsidiary under Section 4(1)(a) of the Companies Act, 1956
5. The net aggregate amount of the subsidiary company's Profit/(Loss), so far as it concerns the members of the Holding Company.	Nil
(a) Not dealt within the Holding Company's accounts:	
(i) For the financial years ended 31.03.2010.	N.A.
(ii) For the previous financial years since it became the subsidiary.	N.A.
(b) Dealt within the Holding Company's Accounts :	
(i) For the financial year ended 31.03.2010.	N.A.
(ii) For the previous financial years since it became the subsidiary.	N.A.

**AUDITORS' REPORT**

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

**ANURAG AGARWAL**  
Chairman

**R.K. GARG**  
Mg. Director

**H.K. SINGHAL**  
Finance Director

**B.B. TANDON**  
Director

**B.K. GUPTA**  
Company Secretary

Place: CHANDIGARH  
Dated: 31.05 2010

**S.C. Dewan**  
Partner



## INDLON CHEMICALS LIMITED

### DIRECTORS' REPORT

#### To

The Members,

The Directors of your company have pleasure in presenting the 23rd Annual Report of the company together with Audited Accounts for the financial year ending 31st March, 2010.

### PERFORMANCE

(Rs. in thousands)

	31.03.2010	31.03.2009
<b>Sales &amp; other Income</b>	<b>549.11</b>	443.41
<b>Prior period adjustments</b>	<b>985.20</b>	(233.61)
<b>Provision for Tax</b>	<b>106.71</b>	--
<b>Net Profit/(Loss) after tax</b>	<b>583.99</b>	(749.49)

The Company achieved a turnover of Rs.5.49 lac as against Rs.4.43 lac during the previous year and earned net profit of Rs. 5.84 lac. The performance of the Company during the year was 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

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

1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

### AUDITORS

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

### DIRECTORS

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

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

### PERSONNEL

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

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

### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

### FOREIGN EXCHANGE EARNINGS AND OUTGO

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

### ACKNOWLEDGEMENT

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

for and on behalf of the Board

Chandigarh                      **S.Kansal**      **H.K. Singhal**  
31.05.2010      Executive Director                      Director



## AUDITORS' REPORT

To

The Shareholders,  
Indlon Chemicals Limited.

We have audited the attached Balance Sheet of M/s INDLON CHEMICALS LIMITED as at 31.03.2010 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 31.03.2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31.03.2010 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 31.03.2010, and,
    - (b) In the case of Profit & Loss Account, of the profit for the year ended on that date.

for S.C. Dewan & Co.  
Chartered Accountants

Place : Chandigarh  
Dated : 31.05.2010

**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.5.69 lakhs. It has earned cash profit in the financial year under review and incurred cash loss in the immediately preceding 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 : 31.05.2010

**S.C. Dewan**  
Partner

## INDLON CHEMICALS LIMITED

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

PARTICULARS	SCHEDULE	AS AT 31.03.2010 (Rs. in thousands)	AS AT 31.03.2009 (Rs in thousands)
<b>SOURCE OF FUNDS</b>			
Share Capital	1	500.00	500.00
		<u>500.00</u>	<u>500.00</u>
<b>APPLICATION OF FUNDS</b>			
Inventories	2	129.47	490.26
Sundry Debtors	3	0.00	67.67
Cash and Bank Balances	4	131.05	90.76
Other Current Assets	5	0.00	4.61
Loans & Advances	6	708.10	708.10
		<u>968.63</u>	<u>1361.40</u>
Less: Current Liabilities & Provisions	7	1038.10	2014.86
Miscellaneous Expenditure (to the extent not written off or adjusted)		(69.47)	(653.46)
<b>PROFIT &amp; LOSS ACCOUNT</b>		<u>569.47</u>	<u>1153.46</u>
		<u>500.00</u>	<u>500.00</u>
<b>Notes on Accounts</b>	12		

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

<b>INCOME</b>			
Sale		504.47	443.41
Misc. Income		44.64	-
	Total	<u>549.11</u>	<u>443.41</u>
<b>EXPENDITURE</b>			
Material Cost	8	367.18	435.42
(Increase)/Decrease in stock of Finished goods & Work in Process	9	360.79	39.46
Personnel, Administrative & Marketing Expenses	10	111.96	479.43
Financial Expenses	11	3.68	4.98
	Total	<u>843.61</u>	<u>959.29</u>
Prior Period Adjustment		985.20	(233.61)
Profit/(Loss) Before Tax		690.71	(749.49)
Less :- Provision For Tax		106.71	-
Net Profit/(Loss) for the year		583.99	(749.49)
(Loss) Brought forward from previous year		(1,153.46)	(403.97)
Net (Loss) Carried Over to Balance Sheet		<u>(569.47)</u>	<u>(1,153.46)</u>

#### AUDITORS' REPORT

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

Place: CHANDIGARH  
Dated: 31.05.2010

S.C. Dewan  
Partner

S. Kansal  
Executive Director

H.K. Singhal  
Director



**SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH, 2010**

PARTICULARS	AS AT 31.03.2010 (Rs in Thousand)	AS AT 31.03.2009 (Rs in Thousand)
<b>SCHEDULE '1' SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
1,00,000 Equity Shares of Rs. 10/- each	<b>1000.00</b>	<b>1,000.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
50,000 Equity Shares of Rs.10/- each fully paid up. (Last year 50,000 Equity shares)	<b>500.00</b>	500.00
Total	<b>500.00</b>	500.00
<b>SCHEDULE '2' INVENTORIES</b>		
(As taken valued and certified by the Management) (At lower of cost or estimated realisable value)		
1 Raw Material (at cost)	<b>787.70</b>	1154.88
2 Finished goods (at cost)	<b>129.49</b>	490.26
Total	<b>917.18</b>	1645.14
Less Provisions for Stock lying with third parties	<b>787.70</b>	1154.88
Total	<b>129.47</b>	490.26
<b>SCHEDULE '3' SUNDRY DEBTORS</b>		
(Unsecured and considered good)		
Outstanding for a period exceeding six months	-	67.67
Others	-	-
Total	-	67.67
<b>SCHEDULE '4' CASH AND BANK BALANCES</b>		
Balance with Bank in current account	<b>131.05</b>	90.76
Total	<b>131.05</b>	90.76
<b>SCHEDULE '5' OTHER CURRENT ASSETS</b>		
VAT Recoverable	-	4.61
Total	-	<b>4.61</b>
<b>SCHEDULE '6' LOANS AND OTHER ADVANCES</b>		
(Unsecured considered good)		
Advance recoverable in cash or in kind or for value to be received		
Advances to supplier	<b>708.10</b>	708.10
Total	<b>708.10</b>	708.10
<b>SCHEDULE '7' CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
1. Sundry Creditors	<b>112.98</b>	1196.46
2. Expenses Payable	<b>99.27</b>	98.94
3. Other Liabilities	<b>11.03</b>	11.36
<b>B. PROVISIONS</b>		
1. For Income Tax	<b>106.71</b>	-
2. Provision for Doubtful Advances	<b>708.10</b>	708.10
Total	<b>1038.10</b>	2014.86

## INDLON CHEMICALS LIMITED

PARTICULARS	AS AT 31.03.2010 (Rs in Thousand)	AS AT 31.03.2009 (Rs in Thousand)
<b>SCHEDULE '8' MATERIAL COST</b>		
Opening Stock	1154.88	1,682.46
Add : Purchases	0.00	435.42
Total	<u>1154.88</u>	<u>2117.88</u>
Less : Closing Stocks	787.70	1154.88
Less : Adjustment of Previous year short recovery	-	527.58
Material Cost	<u>367.18</u>	<u>435.42</u>
<b>SCHEDULE '9' CHANGES IN STOCK OF FINISHED GOODS</b>		
Opening Stock	490.26	529.72
Closing Stock	129.47	490.26
(Increase)/Decrease in Stock	<u>360.79</u>	<u>39.46</u>
<b>SCHEDULE '10' PERSONNEL ADMINISTRATIVE &amp; MARKETING EXPENSES</b>		
Audit Fee	110.30	110.30
Printing & Stationary	-	-
Other Misc. Expenses	1.66	1.96
Provision for variation in yield given by jobbers	-	367.18
Total	<u>111.96</u>	<u>479.43</u>
<b>SCHEDULE '11' FINANCIAL EXPENSES</b>		
1. Bank Charges	3.68	4.98
Total	<u>3.68</u>	<u>4.98</u>

### SCHEDULE '12' 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 12 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. Provisions for income tax has been made in the Accounts as there are taxable profits during the year.
  8. Closing stocks includes a sum of Rs.787.70 (in thousands) (Previous year Rs.1154.88 (in thousands) on account of Acrylic Fibre and waste lying with jobbers for conversion into Acrylic yarn. Some of the jobbers have not returned



the yarn due to yield variation since long and company has initiated legal action for the same. In view of doubtful nature of the stocks valuing Rs.787.70 (in thousands) (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;

(A) QUANTITATIVE DATA OF FINISHED GOODS (ACRYLIC YARN)

	Current Year		Previous Year	
	Qty (MT)	Value (Rs. in Thousands)	Qty (MT)	Value (Rs. in Thousands)
1 Opening Stock	4	490.	5	530
2 Purchases			3	435
3 Sales	3	504	4	443
4 Closing Stocks	1	129	4	490

- (B) There has been no expenditure or earnings in foreign exchange, nor there were any exports or imports during the year under consideration as also during the previous year.

There was no employee during the year under consideration, nor during the previous year drawing an aggregate remuneration of at least 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.

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	U51397HP1986PLC007043		
	State Code	06		(Rs. In Thousands)
	BALANCE SHEET	31.03.2010		
ii)	CAPITAL RAISED DURING THE YEAR			
	Public issue	Nil		
	Right issue	Nil	Bonus Issue	Nil
iii)	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS		Private Placement	Nil
	Total Liabilities	(69)	Total Assets	(69)
	<b>SOURCE OF FUNDS</b>		<b>APPLICATION OF FUNDS</b>	
	Paid-up Capital	500	Net Fixed Assets	
	Reserves & surplus	(569)	Investments	Nil
	Secured Loans	Nil	Net Current Assets	(69)
	Unsecured Loans	Nil	Accumulated Losses	569
iv)	<b>PERFORMANCE OF COMPANY</b>			
	Turnover	1534		
	Total Expenditure	843		
	Profit/(Loss) before Tax	691		
	Profit/(Loss) after Tax	584		
	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
5505.10	ACRYLIC YARN

**AUDITORS' REPORT**

Certified in terms of our separate report of even date annexed

For S. C. Dewan & Co.  
Chartered Accountants

Place: CHANDIGARH  
Dated: 31.05.2010

S.C. Dewan  
Partner

**S. Kansal**  
Executive Director

**H.K. Singhal**  
Director

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## 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

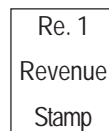
I/We \_\_\_\_\_

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 THIRD ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 29th September 2010 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 2010.

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.*

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## 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 THIRD ANNUAL GENERAL MEETING held on Wednesday, the 29th September 2010 at 11.30 A.M. at Company's Registered Office at Village Harkishanpura, Distt. Sangrur (Pb.) - 148 026 on Patiala Sangrur Highway.

Member's/Proxy Signature  
(To be Signed at the time of handing over this slip)



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*If Undelivered please return to :*  
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