



22nd Annual Report 2011-12

VARDHMAN ACRYLICS LIMITED

BOARD OF DIRECTORS

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

CHIEF EXECUTIVE

Mr. B. L. Uppal

COMPANY SECRETARY

Ms. Ruchita Vij

AUDITORS

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

BANKERS

State Bank of Patiala
ICICI Bank Limited

REGISTRAR AND TRANSFER AGENT

M/s. MCS Limited
Mumbai

REGISTERED & CORPORATE OFFICE

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

BUSINESS OFFICE

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

WORKS

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

CONTENTS

Notice	2
Directors' Report	4
Corporate Governance Report.....	8
Auditors' Report	14
Balance Sheet	16
Profit & Loss Account	17
Cash Flow Statement	18
Notes to Financial Statements	19

NOTICE

NOTICE is hereby given that the TWENTY SECOND ANNUAL GENERAL MEETING of the Members of the Company will be held on Saturday, the 1st day of September, 2012 at 3.00 p.m. at Registered Office of the Company, Vardhman Premises, Chandigarh Road, Ludhiana to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. a) To appoint a Director in place of Mr. M.C. Gupta, who retires by rotation in accordance with Article 126 of the Articles of Association of the Company and being eligible, offers himself for reappointment.

b) To appoint a Director in place of Mr. D.L. Sharma, who retires by rotation in accordance with Article 126 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To appoint Statutory Auditors for the year 2012-2013 and to fix their remuneration.

By Order of the Board

Place : Gurgaon
Dated : May 09, 2012

(Ruchita Vij)
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking re-appointment in the Annual General Meeting, as proposed in item no. 2 of the Notice, is being annexed hereto separately and forms part of the Notice.
3. **The Register of Members and share Transfer Books of the Company shall remain closed from 20th August, 2012 to 1st September, 2012 (both days inclusive).**
4. Members desiring any information as regards accounts are requested to write to the Company at its Regd. Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
5. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 a.m. to 12.30 p.m.
6. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.
7. **The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, taken a 'Green Initiative in Corporate Governance', by allowing paperless compliances through electronic mode, allowing to send documents such as Notice convening General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report, etc. and any other notice/documents, henceforth in electronic form in lieu of the paper form.**

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

M/s MCS LIMITED
Office No. 21/22, Ground Floor, Jamnadas Building,
5, P.D. Mello Road (Ghadiali Gudi),
Masjid, Mumbai – 400 009
Phone: 022-23726253-6255, Fax: 022-23726252
E-mail: mcspanvel@yahoo.co.in

ANNEXURE TO THE NOTICE

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

Name of the Director	Mr. M.C. Gupta	Mr. D.L. Sharma
Date of Birth	23.07.1938	10.11.1948
Date of Appointment	17.04.2003	24.12.1990
Expertise in specific functional area	Industrial Promotion, Industrial Policy, Corporate Governance, Financial Management, Taxation, etc.	Business Executive having experience of 39 years in textiles industry
Qualification	M.A. (English), Diploma in Public Administration	B. Sc. (Engg.); M.B.A.
Directorships of Other Companies	1. Bhansali Engineering Polymers Ltd. 2. Lumax Industries Ltd.	1. VMT Spinning Company Ltd. 2. VTL Investments Ltd. 3. Delux Fabrics Pvt. Ltd. 4. Vardhman Textiles Ltd. 5. Vardhman Yarns and Threads Ltd. 6. Sangam Weavers Pvt. Ltd. 7. Vardhman Nisshinbo Garments Company Ltd.
Chairman/Member of Committees of other Companies	Chairman/Member-Audit Committee 1. Bhansali Engineering Polymers Ltd. 2. Lumax Industries Ltd.	Member-Investor Grievance Committee 1. Vardhman Textiles Ltd. Member-Audit Committee 1. Vardhman Textiles Ltd. 2. Vardhman Yarns & Threads Ltd. 3. VMT Spinning Company Ltd. 4. Vardhman Nisshinbo Garments Company Ltd.
No. of Shares held	Nil	1,000
Relationship with other Director(s)	Not related to any Director	Not related to any Director

By Order of the Board

Place : Gurgaon
Dated : May 09, 2012

(Ruchita Vij)
Company Secretary

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their Twenty-Second Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS :

The financial results for the year are as under:-

Particulars	(₹ in Lacs)	
	2011-12	2010-11
Sales (Gross)	42,122.05	43,041.20
Profit before Depreciation, Interest & Tax (PBDIT)	4,696.63	6,796.39
Interest & Financial Charges	43.71	40.62
Profit before depreciation & Tax (PBDT)	4,652.92	6,755.77
Depreciation	1,124.18	1,116.89
Profit before Tax	3,528.74	5,638.88
Provision for Tax		
- Current Tax	1,325.00	2,163.00
- Deferred Tax (Net of Adjustments)	(252.70)	(297.84)
- IT adjustment for earlier year	2.94	-
Profit after Tax	2,453.50	3,773.72
Prior period adjustments (Net)	4.56	9.56
Net Profit	2,448.94	3,764.16
Balance Brought from last year	10,772.94	7,008.78
Balance carried to Balance Sheet	13,221.88	10,772.94
Earnings per share (in ₹)	2.26	3.47

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

a) ACRYLIC FIBRE INDUSTRY – GLOBAL AND INDIAN PERSPECTIVE:

After a gap of about four years, the estimates of Acrylic Fiber (AF) consumption globally have crossed 2 Million MT in the year 2011. On year to year basis, the growth has been little above 3% in the year 2011. In India also, consumption of AF seems to have grown by about 7% over the same period. Chinese AF consumption on Y-O-Y basis grew by about 3%, in line with global consumption growth. There seems to be decline in total fiber consumption (both natural and manmade) globally as also in India in the year 2011. When seen in the above context, the consumption of AF in India seems to have shown a positive recovery in the year 2011.

In terms of AF prices, the year under discussion witnessed very volatile movements. After peaking of cotton prices in March 2011 globally, there was a sharp correction (of more than 25%) by May 2011, within a short period of just two months. Cotton prices continued to drop sharply beyond May 2011 also, dropping further by about 55% by December 2011. This unprecedented movement in cotton prices hit prices of all fibers more prominently Polyester and Acrylic Fibers. Between April 2011 and Dec 2011, AF prices dropped by more than 25%. This was a difficult period for the AF chain as

almost all parts of the chain suffered stock value losses. There was a silver lining also in this sharp price change for AF industry. The difference between Polyester Fiber (PF) and AF narrowed down, promoting more consumption of Acrylic Fiber. The prices of all fibers started recovering from January 2012 on the back of rise in raw material costs.

Acrylonitrile (ACN), the principal raw material of the company witnessed equally volatile scenario. In May 2011, AN prices reached historically high levels riding on high Propylene prices and sudden drop in availability of AN due to both planned and unplanned turnarounds. From July 2011, Propylene prices started correcting. Aided by softening of AF prices during the same period, AN prices started correcting. The spreads of AF producers improved for few months in the middle of the year.

The ever shifting perception and conditions of global economy during the year impacted AF market in a great measure. The crude oil prices touched a level of over USD 123 per bbl (Brent) in April 2011 on the back of positive economic sentiments and specially improved outlook on Europe to only come down to about USD 107 per bbl in December 2011. The uncertain economic outlook specially in Europe led to industry lower export orders of AN consuming products impacting Chinese producers and exporters. All in all, the year 2011-12 proved a very challenging year for global and Indian AF industry marked by marginal recovery in demand but volatile, almost roller coaster, changes in prices of AN, AF and other competing fibers as also macro economic uncertainty on account of hopes of economic recovery to despair on account of Europe.

ACN global capacity is expected to increase by nearly 10% from 6100 kT in 2011 to 6700 kT in 2013. Except for very small expansions in US and Europe, entire new capacity is planned in Asia, mainly in China, Thailand and Korea. This capacity increase will be accompanied with massive capacity increase in ABS planned in Asian region, mainly in China, Taiwan, India, Korea and Thailand. Global ABS demand is projected to grow 33% in 4 years from 2011 to 2015 consuming the major chunk of ACN capacity increase. The balance in demand and supply of AN is likely to persist though there could be short period of surpluses and shortages. At the same time, AF is expected to grow very moderately from 2 Million MT in 2011 to 2.055 Million MT in 2015. No capacity additions to global AF capacity have been announced. Infact, some small capacity is getting converted to Carbon Fiber precursor every year.

b) FINANCIAL ANALYSIS & REVIEW OF OPERATIONS:

• PRODUCTION & SALES REVIEW:

The total production during the year under consideration was 20,306 MT as against 20,044 MT in the previous year. Your Company has

achieved a turnover of ₹ 42,122.05 Lacs against a turnover of ₹ 43,041.20 Lacs in the previous year. After providing for depreciation of ₹ 1,124.18 Lacs (previous year ₹ 1,116.89 Lacs) and provision for current tax of ₹ 1,325.00 Lacs (previous year ₹ 2,163.00 Lacs), deferred tax (net of adjustments) of ₹ (252.70) Lacs (previous year ₹ (297.84) Lacs), and income tax adjustments for earlier years of ₹ 2.94 Lacs (previous year NIL), Profit after tax of the Company is ₹ 2,453.50 Lacs as against a net profit of ₹ 3,773.72 Lacs in the previous year.

• **RESOURCE UTILISATION:**

i) **Fixed Assets:**

The gross fixed assets (including work-in-progress) as at 31st March, 2012 were ₹ 23,892.51 Lacs as compared to ₹ 23,728.90 Lacs in the previous year.

ii) **Current Assets:**

The net current assets as on 31st March, 2012 were ₹ 10,246.92 Lacs as against ₹ 14,198.38 Lacs in the previous year. Inventory level was at ₹ 5,734.79 Lacs as against ₹ 4,535.92 Lacs in the previous year.

• **FINANCIAL CONDITIONS & LIQUIDITY:**

Liquidity & Capital Resources:

(₹ in Lacs)

	2011-2012	2010-2011
Cash & cash equivalents:		
Beginning of the year	431.28	338.36
End of the year	534.16	431.28
Net cash provided/(used) by:		
Operating Activities	2,753.54	1,612.80
Investing Activities	(3,217.81)	(1,505.73)
Financial Activities	567.15	(14.15)

c) **BUSINESS OUTLOOK:**

The estimates on Indian economic growth for the FY 2012-13 by various agencies from within the country and outside seem to vary significantly. While the Government estimates are for a growth of 6.5 to 7%, several agencies specially from outside the country do not foresee growth of more than 6% or even lower. The global economic growth forecast of 3.5% in Calendar Year 2012 also seems to be higher than what the current economic conditions and sentiments could support.

There seems to be a definite slowdown in economic growth rate in China which impacts the global economic growth outlook. The economic forecast does not lend support to a substantial growth in total fiber consumption as also AF consumption both globally and in countries like India and China.

The Textile industry is also facing a crisis of lower demand and liquidity crunch, precipitated by dear money policy and losses suffered in the year 2011-12.

This adds to the uncertainty to the fiber consumption in the year 2012-13.

d) **INTERNAL CONTROL SYSTEM:**

The internal audit of the Company is well structured and adequate. It reviews and examines all systems, processes and controls of the Company as also compliances with statutory requirements. The internal audit suggests changes in the system, processes and controls required to make the operations and governance of the Company efficient and sound. The senior management team considers the findings and recommendations of the internal audit team carefully and tracks the timely implementation of the corrective measures. The audit committee of the board examines and discusses the internal audit findings and recommendations and the relevant corrective actions.

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

The macro economic factors will remain cause of concern and risks for AF industry. The uncertainty on economic outlook of Eurozone and a fragile and marginal economic recovery in US will continue to trouble the world in the coming year. The slowdown in consumer spending in these major economies of the world impacts the commodities as well as manufacturing sectors alike. Recent political changes in Europe are being watched carefully by markets as any significant change in Government policies could have critical impact on how economic issues are dealt with going forward. The crude oil prices will continue to move up and down in wider swings leading to volatility in the entire supply chain. The AN market may witness higher volatility on account of issues explained elsewhere in this report. The AF chain may exercise more caution and play safe due to stock value losses suffered last year and increased uncertainty on economic outlook. The near stagnant consumption levels of AF may only magnify the impact of these uncertainties.

Besides global economic uncertainty, the bearish outlook on Indian economic growth may impact AF consumption in India. Outbreak and level of monsoon rains, inflation, change in personal incomes, Government trade policies with neighbouring countries and trade blocks and inter-fiber substitutions are other important factors to watch.

f) **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS:**

The Company continued to lay emphasis on and make efforts towards building a learning organization and a culture of high performance through excellent organization climate. Your Company has always placed great emphasis on building an environment of mutual trust and harmony. The industrial relations remained harmonious and peaceful during the year.

The Company employed over 292 persons during the year.

3. DIRECTORS:

Mr. M.C. Gupta and Mr. D.L. Sharma, Directors of your Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

4. DIRECTOR'S RESPONSIBILITY STATEMENT:

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

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

5. CORPORATE GOVERNANCE:

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Corporate Governance Clause of the Listing Agreement is annexed to the report on Corporate Governance.

6. STATUTORY AUDITORS:

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

7. STATUTORY AUDITORS' REPORT:

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

8. COMPLIANCE CERTIFICATE FROM COST AUDITOR:

Pursuant to section 233B of Companies Act, 1956 read with Cost Audit Rules 2011, the Company will receive the 'Cost Audit Compliance Report for the Financial Year 2011-12 from Mr. R.A. Mehta, Practising Cost Accountant, Ankleshwar.

9. COST AUDITOR:

The Board of Directors of your Company has recommended Mr. R.A. Mehta, Practising Cost Accountant, Ankleshwar, to be appointed as a Cost Auditor for the Financial Year 2012-13, subject to approval of the Central Government under section 233B of the Companies Act, 1956.

10. PERSONNEL:

None of the employees has received salary of ₹ 60.00 lacs per annum or ₹ 5.00 lacs per month or more during the financial year 2011-2012. Accordingly, no particulars of employees are to be given pursuant to the provisions of section 217(2A) of the Companies Act, 1956.

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

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

12. ACKNOWLEDGEMENT:

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

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

For and on behalf of the Board

Place : Gurgaon
Dated : May 09, 2012

(S.P. Oswal)
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

I. CONSERVATION OF ENERGY:

Variable Frequency Drives were installed at various equipments as a measure to conserve electrical energy, during the period under report.

FORM-A:

A) POWER AND FUEL CONSUMPTION:

PARTICULARS	UNIT	2011-2012	2010-2011
1. Electricity:			
a) Purchased:			
Units	(KWH in lacs)	Nil	Nil
Total amount	(₹ in lacs)	Nil	Nil
Rate per unit	(₹/KWH)	Nil	Nil
b) Own Generation:			
i) Through Diesel Generator	(KWH in lacs)	5.48	3.39
Units per Litre of Diesel Oil	(KWH)	3.00	3.29
Cost/Unit	(₹/KWH)	13.31	11.04
ii) Through Turbines	(KWH in lacs)	264.07	261.34
Units per Kg. of Coal/Lignite	(KWH/Kg.)	1.12	1.16
Total Cost	(₹ in lacs)	704.18	601.82
Cost/Unit	(₹/KWH)	2.67	2.30

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

Quantity	(MT)	35215	33836
Total Cost	(₹ in lacs)	1056.28	902.74
Average Rate	(₹ per MT)	2999	2668

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

Quantity	(K. Ltrs.)	189.02	93.49
Total Cost	(₹ in Lacs)	53.10	23.31
Average Rate	(₹ per Ltrs.)	28.09	24.94

B) CONSUMPTION PER UNIT OF PRODUCTION:

Acrylic Fibre/Acrylic Tow

Electricity	(KWH/KG)	1.33	1.32
Coal (used in Boiler for generation of Steam)	(MT/MT)	1.73	1.69
Furnace Oil (used in Boiler for generation of steam)	(K.Ltrs./MT)	0.009	0.005

II. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished as per Form-B of Annexure to the Rules as under :-

FORM-B:

A) RESEARCH AND DEVELOPMENT (R&D)

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

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

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

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

(iii) Future plan of action:

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

(iv) Expenditure on R&D:

	(₹ In Lacs)	
	2011-12	2010-11
Non- Recurring	—	—
Percentage of turnover	—	—

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

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

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

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

(iii) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

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

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(₹ in Lacs)	
	2011-12	2010-11
Foreign Exchange earned (FOB)	Nil	Nil
Foreign Exchange used (on accrual basis)	20,407.68	18,812.93

CORPORATE GOVERNANCE REPORT

This Report on Corporate Governance forms part of the Annual Report. It assumes a great deal of importance in the business life of the Company. The Company's goal is to find creative and productive ways of delighting its stakeholders i.e. investors, customers & associates, while fulfilling the role of a responsible corporate representative committed to best practices. This section besides being in compliance of the provisions of Listing Agreement gives an insight into the process of functioning of the Company.

1. COMPANY'S PHILOSOPHY:

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

2. BOARD OF DIRECTORS:

(a) Composition:

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

(b) Board Meetings:

During the financial year 2011-2012, the Board met Five (5) times on 09.05.2011, 01.08.2011, 10.11.2011, 01.02.2012 and 20.03.2012.

The composition of Board of Directors and attendance of Directors at the Board Meetings and at the last Annual General Meeting of the Company, as also the number of Directorships/Chairmanships held by them in other Public Limited Companies, during the financial year 2011-12 are given as follows:-

Name of Director	Designation & Category	Number of Board Meetings attended	Attendance at last AGM	Directorships in other Public Ltd. Companies	Committee Memberships in other Public Ltd. Companies	Board Chairmanships in other Public Ltd. Companies	Committee Chairmanships in other Public Ltd. Companies
Mr. S.P. Oswal	Non-Executive Chairman Non Independent	4	No	12	—	5	—
Mr. B.K. Choudhary	Managing Director Non Independent	5	No	2	—	—	—
Mr. Sachit Jain	Non-Executive Director Non Independent	2	Yes	13	4	1	3
Mr. D.L. Sharma	Non-Executive Director Non Independent	3	No	5	5	1	—
Mr. S.P. Singh	Non-Executive Director Independent	4	No	—	—	—	—
Mr. M.C. Gupta	Non-Executive Director Independent	5	No	2	2	1	1
Mr. S.K. Bansal	Non-Executive Director Independent	5	No	1	1	—	—
Dr. A.K. Bakhshi	Non-Executive Director Independent	2	No	—	—	—	—

3. AUDIT COMMITTEE:

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

During the Financial year 2011-12, the Audit Committee met Four (4) times on 09.05.2011, 01.08.2011, 10.11.2011 and 01.02.2012.

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

Committee Members	Category	No. of Audit Committee Meetings Attended
Mr. S.P. Singh	Non-Executive, Independent Director	4
Mr. M.C. Gupta	Non-Executive, Independent Director	4
Mr. D.L. Sharma	Non-Executive, Non-Independent Director	2

4. DIRECTORS' REMUNERATION & SHAREHOLDING:

(i) Remuneration:

a) Managing Director:

The Company pays remuneration to the Managing Director as approved by the Board of Directors and Members of the Company in the General Meeting. During the financial year 2011-12, Managing Director drew a Salary of ₹ 26.92 lacs (Salary of ₹ 18.96 lacs, Commission ₹ 5.70 lacs, Contribution to Provident and Other funds ₹ 1.37 lacs and other Perquisites ₹ 0.89 lacs).

b) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board and Committee Meetings. The details of the sitting fees paid to the Directors during the Financial year 2011-12 is given below:-

Sr. No.	Name of Director	Sitting Fee (₹)
1.	Mr. S.P. Singh	80,000
2.	Mr. M.C. Gupta	105,000
3.	Dr. A.K. Bakhshi	24,000
4.	Mr. S.K. Bansal	60,000

(ii) Shareholding:

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

(iii) Relationship *inter-se*:

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

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

To look into the redressal of investors' complaints on various issues, the Company constituted a Shareholders'/ Investors' Grievance Committee on 17.04.2003. The members of the Committee are Mr. M.C. Gupta, Mr. D.L. Sharma and Mr. B.K. Choudhary. The quorum of the Committee is two members. The Chairman of the Committee is Mr. M.C. Gupta, a non-executive independent director. During the Financial Year, a meeting of the Committee was held on 20.03.2012 and the same was attended by all the members of the Committee.

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

During the financial year 2011-12, the Company has received only 1 complaint. The said complaint has been duly resolved by the Company.

6. GENERAL BODY MEETINGS:

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

Financial Year (ended)	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
31st March, 2011 - 21 st AGM	Saturday, 23 rd July 2011 at 3.00 p.m.	Registered Office: Vardhman Premises, Chandigarh Road, Ludhiana-141 010.	1
31st March, 2010 - 20 th AGM	Monday, 19 th July, 2010 at 12.30 p.m.	- do -	1
31st March, 2009 - 19 th AGM	Friday, 24 th July, 2009 at 12.00 p.m.	- do -	—

The Company has not passed any resolution through postal ballot, during the financial year 2011-2012. It is not proposed to pass any resolution by postal ballot in the forthcoming Annual General Meeting.

7. DISCLOSURES:

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

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

8. MEANS OF COMMUNICATION:

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

9. GENERAL SHAREHOLDERS' INFORMATION:

i) 22nd Annual General Meeting:

Date : 1st September, 2012
Time : 3.00 p.m.
Venue : Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana-141 010

ii) Financial Calendar 2012-2013 (Tentative):

First Quarter Results : July, 2012
Second Quarter Results : October, 2012
Third Quarter Results : January, 2013
Annual Results : May, 2013

iii) Dates of Book Closure : 20th August, 2012 to 1st September, 2012 (both days inclusive)

iv) Dividend payment date : The Board has not recommended any dividend for the financial year 2011-12.

- v) **Listing** : The Shares of the Company are listed on the following two Stock Exchanges:
1. The National Stock Exchange of India Limited (NSE), "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai-400 051
 2. The Ludhiana Stock Exchange Limited (LSE), Feroze Gandhi Market, Ferozepur Road, Ludhiana-141 001
- The Company has duly paid the listing fee to both the aforesaid Stock Exchanges for the financial year 2012-13.

vi) **Stock Code :**

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

vii) **Stock Market Data:**

The month-wise highest, lowest and closing stock prices on the National Stock Exchange during the financial year 2011-12 are given below :-

Financial Year 2011-12	Share Prices of the Company			
	Highest (₹)	Lowest (₹)	Closing (₹)	% age change over last month's closing
Apr-11	12.20	9.70	10.67	10.57
May-11	12.55	10.10	10.85	1.69
Jun-11	11.30	10.05	10.54	-2.86
Jul-11	11.00	10.00	10.34	-1.90
Aug-11	11.85	8.25	9.13	-11.70
Sep-11	10.15	8.90	9.35	2.41
Oct-11	9.15	8.70	8.92	-4.60
Nov-11	9.35	7.60	8.33	-6.61
Dec-11	8.00	6.65	7.28	-12.60
Jan-12	9.00	6.95	7.94	9.06
Feb-12	8.90	7.90	8.24	3.78
Mar-12	8.40	7.00	7.84	-4.85

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

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

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

M/s MCS LIMITED
Office No. 21/22, Ground Floor, Jamnadas Building,
5, P.D. Mello Road (Ghadiali Gudi),
Masjid, Mumbai – 400 009
Phone: 022-23726253-6255, Fax: 022-23726252
E-mail: mcspanvel@yahoo.co.in

ix) **Share Transfer System:**

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

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

x) Distribution of Shareholding as on 31st March, 2012:

Range of Number of Shares	SHAREHOLDERS		SHARES	
	Number	Per cent	Number	Per cent
1 500	8,026	52.08	2,303,883	2.12
501 1000	3,311	21.49	3,117,303	2.87
1001 2000	1,576	10.23	2,754,401	2.54
2001 3000	613	3.98	1,664,630	1.53
3001 4000	287	1.86	1,057,753	0.97
4001 5000	452	2.93	2,218,112	2.04
5001 10000	535	3.47	4,341,451	4.00
10001 50000	491	3.19	10,612,087	9.78
50001 100000	68	0.44	4,880,742	4.50
100001 and above	51	0.33	75,582,146	69.64
Total	15,410	100.00	108,532,508	100.00

xi) Dematerialisation of shares:

As on 31st March, 2012, 99.96% of the capital comprising 108,488,788 Equity shares were in dematerialised form.

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

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

xiii) Plant location:

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

xiv) Address for correspondence:

Registered Office : Chandigarh Road, Ludhiana-141 010
Tel : (0161) 2228943-48
Fax : (0161) 6701434, 2601048, 2602710 & 2642616
E-mail : secretarial.lud@vardhman.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

DECLARATION UNDER CLAUSE 49

All the Board Members and Senior Management have affirmed compliance to the Code of Conduct for the Financial year 2011-12.

Place : Gurgaon
Dated : May 09, 2012

(S.P. Oswal)
Chairman

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

**The Members,
Vardhman Acrylics Limited**

We have examined the compliance of conditions of Corporate Governance by **Vardhman Acrylics Limited**, for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

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

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

**Place : New Delhi
Dated : May 09, 2012**

**(CA Kamal Kishore)
Partner
Membership No.: 078017**

AUDITORS' REPORT

To
The Members,
Vardhman Acrylics Limited

1. We have audited the attached balance sheet of VARDHMAN ACRYLICS LIMITED ("the Company"), as at 31st March, 2012, the statement of profit and loss 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.
2. We conducted our audit in accordance with the 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.
3. As required by the Companies (Auditors' Report) Order, 2003 {as amended by the Companies(Auditors' Report) (Amendment) Order 2004} issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 the balance sheet, of the state of affairs of the Company as at 31st March, 2012;

- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

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

(CA Kamal Kishore)
Partner

Place : New Delhi
Dated : 9th May, 2012

Membership No.: 078017

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date,

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. All the assets have been physically verified by the management during the year in terms of a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
3. In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
4. As explained to us, physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores and spare parts and raw materials. Further, stock in the possession and custody of third parties and stock in transit as at 31st March, 2012 have been verified by the management with reference to confirmation or statement of account or correspondence with the third parties or subsequent receipts of goods. In our opinion, the frequency of verification is reasonable.
5. In our opinion and according to the information and explanations given to us, 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.
6. On the basis of our examination of the records of inventory, in our opinion, the Company has maintained proper records of inventory and as explained to us, the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
7. According to the records of the company examined by us and the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clauses (iii)(a) to (iii)(g) of paragraph 4 of CARO are not applicable.
8. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of a

- continuing failure to correct major weaknesses in the aforesaid internal control systems.
9. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no transactions which are required to be entered into the register maintained under section 301 of the Companies Act, 1956.
 10. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that, there are no transactions made in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lacs rupees in respect of each party during the year.
 11. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder.
 12. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 13. We have broadly reviewed the cost records maintained by the Company pursuant to 'The Companies (Cost Accounting Records) Rules 2011' as notified by notification no. GSR 429(E) dated 3 June 2011 of Ministry of Corporate Affairs, Government of India under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that, prima facie, the prescribed records have been made and maintained by the Company. We are, however, not required to make a detailed examination of such records.
 14. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, customs duty, excise duty, cess and other statutory dues applicable to it.
 15. According to the records of the Company examined by us and the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at 31st March, 2012 for a period of more than six months from the date they became payable.
 16. According to the records of the Company examined by us and the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute, other than the following: -

Name of statute	Nature of dues	Amount due (₹)	Forum where pending	Period
The Gujarat Sales Tax Act, 1969	Purchase/Sales Tax on fuel	43,27,734/-	Joint Commissioner Of Sales Tax- Vadodara	2006-2007, 2007-2008
The Central Excise Act, 1944	Cenvat Credit	12,61,595/-	CESTAT - Ahmedabad	2005-2006, 2007-2008, 2008-2009, 2009-2010
The Gujarat Sales Tax Act, 1969	Interest on Sales Tax Demand	27,73,983/-	Joint Commissioner Of Sales Tax- Vadodara	2007-2008

17. The Company does not have accumulated losses as at the close of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
18. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of dues to banks and debenture holders.
19. According to the information and explanation given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
20. The Company does not fall within the category of Chit Fund, Nidhi Fund or Mutual Benefit Fund/Societies and hence the related reporting requirements of the order are not applicable.
21. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
22. According to the information and explanations given to us, the Company has given a counter guarantee of ₹ 2,32,90,000 lacs in favour of Gujarat Industrial Development Corporation (GIDC) in relation to the corporate guarantee provided by GIDC for availment of term loans by Bharuch Eco-Aqua Infrastructure Limited, the terms and conditions whereof are not, prima facie, prejudicial to the interest of the Company.
23. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, there are no term loans taken by the Company during the year.
24. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, generally, there are no funds raised by the Company on short-term basis, which have been used for long-term investment.
25. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
26. During the period covered by our audit report, the Company has not issued any debentures.
27. During the period covered by our audit report, the Company has not raised any money by public issue.
28. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

(CA Kamal Kishore)
Partner

Place : New Delhi
Dated : 9th May, 2012

Membership No.: 078017

BALANCE SHEET as at 31st March, 2012

Particulars	Note No.	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share Capital	3	10,853.25	10,853.25
b) Reserves and Surplus	4	14,228.03	11,779.09
		<u>25,081.28</u>	<u>22,632.34</u>
2. Non-current liabilities	5		
a) Long-term borrowings		-	-
b) Deferred tax liabilities (net)		2,018.67	2,271.36
c) Other long term liabilities		3.70	0.93
d) Long-term provisions		77.25	85.31
		<u>2,099.62</u>	<u>2,357.60</u>
3. Current liabilities	6		
a) Short-term borrowings		813.83	223.87
b) Trade payables		1,891.16	1,334.79
c) Other current liabilities		382.08	470.38
d) Short-term provisions		363.25	173.71
		<u>3,450.32</u>	<u>2,202.75</u>
TOTAL		<u>30,631.22</u>	<u>27,192.69</u>
II ASSETS			
1. Non-current assets	7		
a) Fixed assets			
i) Tangible assets		9,590.74	10,580.05
ii) Intangible assets		-	-
iii) Capital work-in-progress (Refer note no-17.16)		30.33	-
		<u>9,621.07</u>	<u>10,580.05</u>
b) Non-current investments		7,266.12	164.75
c) Long-term loans and advances		46.59	46.58
d) Other non-current assets		0.20	0.20
		<u>16,933.98</u>	<u>10,791.58</u>
2. Current assets	8		
a) Current investments		1,608.09	4,578.74
b) Inventories		5,734.79	4,535.92
c) Trade receivables		813.04	926.82
d) Cash and cash equivalents		534.16	431.28
e) Short-term loans and advances		4,348.01	4,504.98
f) Other current assets		659.15	1,423.37
		<u>13,697.24</u>	<u>16,401.11</u>
TOTAL		<u>30,631.22</u>	<u>27,192.69</u>

See accompanying notes to the financial statements

As per our report of even date attached

For S.S. Kothari Mehta & Co.,

Chartered Accountants

Firm Registration No.: 000756N

CA KAMAL KISHORE

Partner

Membership No.: 078017

RUCHITA VIJ

Company Secretary

B.L. UPPAL

Chief Executive

B.K.CHOUDHARY

Managing Director

S.P.OSWAL

Chairman

Place : Gurgaon

Dated : 09.05.2012

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2012

Particulars	Note No.	Figures as at the end of current reporting period (₹ in Lacs)	Figures as at the end of previous reporting period (₹ in Lacs)
i Revenue from operations	9	39,014.09	39,887.32
ii Other income	10	1,309.38	647.01
iii Total Revenue (i + ii)		40,323.47	40,534.33
iv Expenses :			
Cost of Raw material consumed	11	22,004.43	21,682.96
Purchase of Stock-in-Trade	12	8,635.98	9,061.83
(Increase) / Decrease in finished goods and work in progress	13	84.36	(547.14)
Employee benefit expenses	14	763.51	711.91
Financial expenses	15	43.71	40.62
Depreciation and amortization		1,124.18	1,116.90
Other expenses	16	4,138.55	2,828.37
Total Expenses		36,794.72	34,895.45
v Profit before exceptional and extraordinary items and tax		3,528.75	5,638.88
vi Less : Exceptional items		-	-
vii Profit before extraordinary items and tax		3,528.75	5,638.88
viii Less : Extraordinary items		-	-
ix Profit before tax		3,528.75	5,638.88
x Less: Tax expense :			
- Current Tax		1,325.00	2,163.00
- Deferred tax		(252.69)	(243.76)
- Deferred Tax Adjustment		-	(54.08)
- Income tax adjustment for earlier years		2.94	-
xi Profit for the period from continuing operations		2,453.50	3,773.72
xii Profit from discontinuing operations		-	-
xiii Less : Tax expense of discontinuing operations		-	-
xiv Profit from discontinuing operations after tax (xii - xiii)		-	-
xv Profit for the period (xi + xiv)		2,453.50	3,773.72
Less : Prior Period Adjustments (Net)		4.56	9.56
Net Profit/(Loss)		2,448.94	3,764.16
Earning Per Share (Nominal value of equity share ₹ 10/-)			
- Basic		2.26	3.47
- Diluted		2.26	3.47

See accompanying notes to the financial statements

As per our report of even date attached

For S.S. Kothari Mehta & Co.,

Chartered Accountants

Firm Registration No.: 000756N

CA KAMAL KISHORE

Partner

Membership No.: 078017

RUCHITA VIJ

Company Secretary

B.L. UPPAL

Chief Executive

For and on behalf of Board

B.K.CHOUDHARY

Managing Director

S.P.OSWAL

Chairman

Place : Gurgaon

Dated : 09.05.2012

CASH FLOW STATEMENT for the year ended 31st March, 2012

Particulars	Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items and after prior period adjustments	3,524.19	5,629.32
Adjustments for :		
Depreciation	1,124.18	1,116.90
Interest paid	22.82	3.63
Interest received	(784.39)	(611.53)
(Profit)/Loss on sale of investment (net)	(279.14)	(8.18)
Dividend on long term investments	(81.95)	-
Liabilities / Provisions no longer required written back	(110.67)	(109.15)
Operating Profit before Working Capital changes	3415.04	6,120.20
Adjustments for :		
Decrease/(Increase) in trade & other receivables	1,102.33	(1,240.41)
Decrease/(Increase) in Inventories	(1,198.87)	(75.04)
(Decrease)/Increase in sundry creditors/current liabilities	573.44	(1,085.74)
Cash generation from operations	3891.94	3,719.01
Taxes Paid	(1,138.40)	(1,138.40)
NET CASH FLOW FROM OPERATING ACTIVITIES	2,753.54	1,612.80
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(146.24)	(147.33)
Sale of fixed assets	11.36	-
Decrease/(Increase) in Inter Corporate Deposits	(474.91)	1,750.30
Interest received	1,191.94	611.53
Dividend received	81.95	-
Sale of Investments in Mutual Funds/Liquid Funds/Debt Funds	3,579.40	850.00
Purchase of Investments in Mutual Funds/Liquid Funds/Debt Funds	(7,430.98)	(4,570.57)
Capital Work-in-Progress	(30.33)	0.34
NET CASH FLOW FROM INVESTING ACTIVITIES	(3,217.81)	(1,505.73)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short - term borrowings	589.97	(10.52)
Interest paid	(22.82)	(3.63)
NET CASH FLOW FROM FINANCING ACTIVITIES	567.15	(14.15)
Net Increase in Cash and Cash Equivalents	102.88	92.92
Opening Cash and Cash Equivalents	431.28	338.36
Closing Cash and Cash Equivalents*	534.16	431.28

* Excluding ₹ 20,000 (previous year ₹ 20,000) included in other non - current assets

See accompanying notes to the financial statements

The Notes referred to above form an integral part of the Cash Flow Statement.

As per our report of even date attached

For S.S. Kothari Mehta & Co.,

Chartered Accountants

Firm Registration No.: 000756N

CA KAMAL KISHORE

Partner

Membership No.: 078017

RUCHITA VIJ

Company Secretary

B.L. UPPAL

Chief Executive

B.K. CHOUDHARY

Managing Director

S.P. OSWAL

Chairman

Place : Gurgaon

Dated : 09.05.2012

1. CORPORATE INFORMATION

Vardhman Acrylics Limited (The Company) is a public company incorporated under the provisions of the Companies Act, 1956. The company is engaged in manufacturing of Acrylic Fibre/Tow.

2. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2.1 Basis of preparation of financial Statements:

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

The Company has prepared its financial statements in accordance with Schedule VI as inserted by Notification- S.O. 447 (E) dated 28.02.2011 (As amended by Notification No. F.No.2/6/2008-CL-V, Dated 30.03.2011). The Schedule does not impact recognition and measurement principle followed for the preparation of financial statements. However, it has necessitated significant changes in the presentation of and disclosures in financial statements. The Company has reclassified its previous year figures to conform to the classification as per the aforesaid Schedule.

2.2 Use of Estimates:

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

2.3 Revenue Recognition:

i) Sales:

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

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

ii) Investment :

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

iii) Interest:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv) Dividend:

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

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

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

vi) Insurance and Other Claims

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

2.4 Employee Benefits:

a) Short Term Employee Benefit:

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

b) Post Employment Benefits:

i) Defined Contribution Plans:

1.1 Superannuation

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

1.2 Provident Fund

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

ii) Defined Benefit Plans**1.1 Gratuity**

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

1.2 Leave with Wages:

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

1.3 The actuarial gain/loss is recognized in statement of profit and loss account.**2.5 Fixed Assets, intangible assets and capital work in progress:**

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

2.6 Depreciation and Amortization:

- (i) Depreciation on fixed assets is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except in case of computers in respect of which depreciation has been provided @ 25% on straight line basis.
- (ii) Depreciation on fixed assets costing ₹ 5000/- or below are depreciated over a period of one year from the date of acquisition.
- (iii) Leasehold land is amortized over the period of lease.
- (iv) Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date, the asset is available to the company for its use.

2.7 Investments:

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

2.8 Inventories:

Inventories of raw materials, stores and spares, work-in-progress and finished goods are valued at cost or net realizable value, whichever is lower. The cost in respect of the aforesaid items of inventory is computed as under:

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

2.9 Cenvat Credit:

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

2.10 Expenditure incurred during construction period:

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

2.11 Subsidy:

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

2.12 Borrowing Costs:

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

2.13 Segment Information:

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

2.14 Operating Leases:

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

2.15 Foreign Currency Conversion / Translation:

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

2.16 Accounting for Taxes on Income:

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

2.17 Earning per Share:

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

2.18 Impairment of Assets:

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

2.19 Provision and Contingent Liabilities:

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

2.20 Cash flow Statement:

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

Notes to financial statements for the year ended 31st March 2012.

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

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
NOTE 3 – SHARE CAPITAL		
Authorized:		
Equity Shares, ₹ 10/- par value	15,000.00	15,000.00
150,000,000 (Previous year 150,000,000)	15,000.00	15,000.00
Issued, Subscribed & Paid-up		
Equity Shares of ₹10/- par value		
108,532,508 (Previous year 108,532,508) equity share fully paid.	10,853.25	10,853.25
TOTAL	10,853.25	10,853.25

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

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number of shares	₹ in Lacs	Number of shares	₹ in Lacs
At the beginning of the period	108,532,508	10,853.25	108,532,508	10,853.25
Issued / bought back during the period	—	—	—	—
Outstanding at the end of period	108,532,508	10,853.25	108,532,508	10,853.25

(b) Terms/ rights attached to equity shares

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

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

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

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

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
"Vardhman Textiles Limited, the holding Company		
"63,753,661 (Previous Year 63,753,661) Equity Shares of ₹10/- each fully paid	6,375.37	6,375.37

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

Names of Shareholders	As at 31.03.2012		As at 31.03.2011	
	No. of shares	% of Shareholding	No. of shares	% of Shareholding
Vardhman Textiles Ltd.	63,753,661	58.74	63,753,661	58.74

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

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
NOTE 4 – RESERVES AND SURPLUS		
General Reserve		
Balance as per the last financial statements	1,006.15	1,006.15
Add: amount transferred from surplus balance in the statement of profit and loss	-	-
Closing Balance	1,006.15	1,006.15
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	10,772.94	7,008.78
Add : Profit for the period	2,448.94	3,764.16
Net surplus in the statement of profit and loss	13,221.88	10,772.94
Total	14,228.03	11,779.09
NOTE 5 – NON-CURRENT LIABILITIES		
a) Long-term borrowings :	-	-
	-	-
b) Deferred tax liabilities (net) (Refer Note no. 17.7)	2,018.67	2,271.36
	2,018.67	2,271.36
c) Other long term liabilities :		
- Other liabilities	3.70	0.93
	3.70	0.93
d) Long-term provisions :		
Provision for employee benefits		
- Provision for leave benefits	16.63	19.92
- Provision for gratuity	60.62	65.39
	77.25	85.31
NOTE 6 - CURRENT LIABILITIES		
a) Short-term borrowings :		
Secured :		
Cash credit from banks (secured)**	813.83	223.87
	813.83	223.87
**Cash credit from banks is secured by hypothecation of entire present and future tangible current assets and second charge on all immovable assets.		
b) Trade payables :		
i) Trade payables (including acceptances)		
- Dues to Micro, Small and Medium Enterprises (Refer Note no- 17.11)	33.03	23.75
- Others	1,858.13	1,311.04
	1,891.16	1,334.79
c) Other current liabilities :		
i) Interest accrued but not due on borrowings	-	0.17
ii) Others		
- Trade deposits and advances	33.01	63.20
- Salaries and benefits	52.86	51.99
- Provision for expenses	229.19	298.25
- Withholding and other tax payable	67.02	56.77
	382.08	470.38
d) Short-term provisions :		
Provision for tax (Net of advance taxes ₹ 4,819.09 Lacs Previous year ₹ 3,697.92 Lacs)	363.25	173.71
	363.25	173.71

NOTE 7 – NON-CURRENT ASSETS
(a) – FIXED ASSETS

(₹ in Lacs)

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK		
		As at 01.04.2011	Additions	Sales/ Adjust- ments	As at 31.03.2012	As at 01.04.2011	Adjust- ments	Depreciation for the year	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
1	Land - Leasehold	1,446.81	25.03	(12.96)	1,458.88	176.23	(1.59)	14.81	189.45*	1,269.43	1,270.58
2	Buildings	2,420.77	18.30	-	2,439.07	808.04	-	67.60	875.64	1,563.43	1,612.73
3	Plant & Machinery	19,663.90	91.33	-	19,755.23	12,019.34	-	1,032.08	13,051.42	6,703.81	7,644.56
4	Furniture & Fixtures	58.93	0.64	-	59.57	47.86	-	2.21	50.07	9.50	11.07
5	Vehicles	38.79	5.60	-	44.39	17.18	-	3.73	20.91	23.48	21.61
6	Office Equipment	99.70	5.34	-	105.04	80.20	-	3.75	83.95	21.09	19.50
7	Intangible Assets:	-	-	-	-	-	-	-	-	-	-
	Total	23,728.90	146.24	(12.96)	23,862.18	13,148.85	(1.59)	1,124.18	14,271.44	9,590.74	10,580.05
	Previous Year	23,581.57	147.33	-	23,728.90	12,031.95	-	1,116.90	13,148.85	10,580.05	11,549.62
	Capital Work-in-Progress	-	-	-	-	-	-	-	-	30.33	-

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

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
b) Non-current investments (valued at cost unless stated otherwise):		
1) Trade :	-	-
2) Non trade		
<u>Equity Shares</u>		
(Unquoted)		
1,647,525 (Previous Year 1,647,525) Equity Shares of Bharuch Eco-Aqua Infrastructure Ltd. of ₹ 10/- each fully paid up.	164.75	164.75
<u>Mutual Funds; Debts Funds; Fixed Maturity Plans</u>		
(Quoted)		
25,000,000 (Previous Year Nil) Units of ₹ 10/- each of Birla Sun Life Fixed Term Plan Series - Growth	2,500.00	-
15,000,000 (Previous Year Nil) Units of ₹ 10/- each of HDFC Fixed Maturity Plan 400 days - Growth Series - XXI	1,500.00	-
20,000,000 (Previous Year Nil) Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months -13 - Growth	2,000.00	-
11,013,700 (Previous Year Nil) Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months -12 - Growth	1,101.37	-
	<u>7,266.12</u>	<u>164.75</u>
Aggregate book value of quoted investments	7,101.37	-
Market value of quoted investments	7,156.16	-
Aggregate book value of unquoted investments	164.75	164.75
c) Long-term loans and advances : (unsecured considered good, unless stated otherwise)		
i) Capital advances	-	-
ii) Security deposits	42.57	43.07
iii) Other loans and advances		
-Prepaid Expenses	0.06	1.40
-Loans and advances to employees	3.96	2.11
	<u>46.59</u>	<u>46.58</u>
d) Other non-current assets :		
- Deposits with original maturity for more than twelve months	0.20	0.20
	<u>0.20</u>	<u>0.20</u>

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
NOTE 8 – CURRENT ASSETS		
a) Current Investments (valued at lower of cost and fair value)		
<u>Bonds / Debentures / Debt Funds/ Monthly Income Plans</u>		
(Unquoted)		
Nil (Previous Year 1) Non-convertible Debenture of ₹ 100,000,000/- each of Solaris Holdings Limited	-	1,056.30
(Quoted)		
50,000 (Previous Year Nil) 12.15% Secured Redeemable Non-convertible Debentures of ₹ 1,000/- each of Religare Finvest Limited	500.00	-
10,875 (Previous Year Nil) 8% Tax-free Secured Redeemable Non-convertible Bonds of ₹ 1,000/- each of Indian Railway Finance Corporation Ltd. (IRFCL)	108.75	-
7,360 (Previous Year 7,360) 8.25 % Zero Coupon Bonds of ₹13578 / -each of Rural Electrification Corporation of India Limited	999.34	999.34
Nil (Previous Year 5,000,000) Units of ₹ 10/- each of Reliance Fixed Horizon fund - XVII Series 1 - Growth Plan	-	500.00
Nil (Previous Year 10,000,000) Units of ₹ 10/- each of SBI Debt Fund Series - Growth Plan	-	1,000.00
Nil (Previous Year 1,000) Units of ₹ 100,000/- each of India Infrastructure Finance Co Ltd. (IIFCL)	-	1,023.10
	1,608.09	4,578.74
Aggregate book value of quoted investments	1,608.09	3,522.44
Market value of quoted investments	1,785.15	3,606.88
Aggregate book value of unquoted investments	-	1,056.30
b) Inventories (valued at lower of cost and net realizable value)		
- Raw Materials	4,053.05	3,063.66
- Raw Materials in transit	-	33.97
- Finished Goods	745.97	803.43
- Work In Progress	224.58	226.85
- Stores and Spares	711.19	406.14
- Stores and Spares in transit	-	1.87
	5,734.79	4,535.92
c) Trade receivables (Unsecured, considered good unless stated otherwise)		
a) Outstanding for a period exceeding six months from the date they are due for payment		
i) Considered Good	12.77	12.68
ii) Considered Doubtful	4.84	4.84
b) Other Receivables : Considered Good*	800.27	914.14
	817.88	931.66
Less : Provision for doubtful receivables	4.84	4.84
	813.04	926.82

*includes balances from holding company ₹ Nil (Previous year ₹186.21 Lacs)

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
d) Cash and cash equivalents :		
Balance with banks :		
- Earmarked	-	-
- Held as margin money	-	-
- In current accounts	532.25	427.58
Cash in hand	1.91	3.70
	<u>534.16</u>	<u>431.28</u>
e) Short-term loans and advances :		
(Unsecured, considered good)		
i) Loans and advances to related parties :		
- Inter Company Deposits to fellow subsidiary company (Vardhman Special Steels Limited.{VSSL})*	3,592.61	3,202.00
- Inter Company Deposits to Holding company (Vardhman Textiles Limited.)	175.00	590.70
ii) Others :		
- Inter Company Deposits - Others	500.00	-
- For supply of goods and rendering of services	69.05	675.37
- Loans and advances to employees	5.09	5.39
- Prepaid expenses	4.98	27.64
- Security Deposits	1.28	3.88
	<u>4,348.01</u>	<u>4,504.98</u>
*VSSL was fellow subsidiary upto 7th April 2011.		
f) Other current assets :		
- Interest Accured but not due	33.40	440.95
- Balances and Deposits with Government Authorities & Others	625.75	982.42
	<u>659.15</u>	<u>1,423.37</u>

Particulars	Figures as at the end of current reporting period (₹ in Lacs)		Figures as at the end of previous reporting period (₹ in Lacs)	
NOTE 9 – REVENUE FROM OPERATIONS				
Sale of products				
Finished Goods	33,302.61		33,781.21	
Trading Goods	8,804.23		9,252.30	
Sale of services	-		-	
Other Operating Revenue	15.21		7.68	
	42,122.05		43,041.19	
Less : Excise Duty	3,107.96		3,153.87	
	39,014.09		39,887.32	
NOTE 10 – OTHER INCOME				
Interest income				
- on Inter Company Deposits and others	650.41		611.53	
- on long term investments	133.98		-	
Dividend on long term investments	81.95		-	
Net gain on sale of long term investments	279.14		8.18	
Insurance claims received	38.78		13.98	
Sundry balances/Liabilities / Provisions no longer required, written back/off (net)	110.67		9.94	
Other non operating income	14.45		3.38	
	1,309.38		647.01	
NOTE 11 – COST OF RAW MATERIAL CONSUMED				
Inventory at the beginning of the year	3,063.66		799.47	
Add : Purchases	22,993.82		23,947.15	
Total	26,057.48		24,746.62	
Less: Inventory at the end of the year	4,053.05		3,063.66	
Cost of raw material consumed	22,004.43		21,682.96	
NOTE 12 – PURCHASES OF STOCK-IN-TRADE				
Purchase of trading goods	8,635.98		9,061.83	
	8,635.98		9,061.83	
NOTE 13 – (INCREASE) / DECREASE IN FINISHED STOCK AND WORK IN PROGRESS				
Inventories at the beginning of the year				
Work-in-Progress	226.85		203.93	
Finished Goods	803.42	1,030.27	231.07	435.00
		1,030.27		435.00
Less - Inventories at the end of the year				
Work-in-Progress	224.58		226.85	
Finished Goods	745.97	970.55	803.42	1,030.27
Excise Duty on (Increase)/Decrease in Finished Goods		24.64		48.13
		84.36		(547.14)
NOTE 14 – EMPLOYEE BENEFIT EXPENSES				
Salaries, wages and other allowances	699.13		649.35	
Contribution to Provident and other Funds	41.96		39.44	
Staff welfare expense	17.89		17.86	
Recruitment expenses	4.53		5.26	
	763.51		711.91	

Particulars	Figures as at the end of current reporting period (₹ in Lacs)	Figures as at the end of previous reporting period (₹ in Lacs)
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NOTE 15 – FINANCIAL EXPENSES

Interest Expense	22.82	3.63
Bank & Other charges	20.89	36.99
	<u>43.71</u>	<u>40.62</u>

NOTE 16 – OTHER EXPENSES

Power and fuel	1,891.91	1,565.32
Water charges	188.03	170.74
Consumption of stores and spares	337.12	250.42
Repair and maintenance		
- Machinery Repairs	308.96	375.02
- Building repairs	30.86	28.66
- Other repairs	1.67	2.56
Rent	6.44	3.79
Rates and Taxes	148.67	132.89
Insurance	26.42	22.29
Payment to Auditors (Refer details below)	2.88	2.88
Legal and professional	63.15	48.11
Travelling and conveyance	23.31	23.19
Printing and Stationery	9.33	9.77
Postage, telegram and telephones	14.33	12.45
Bad debts written off / Excess Income Written off / Written off Dead items.	28.74	5.39
Exchange rate fluctuation (Net of Gain ₹ 318.28 Lacs) (Previous year ₹ 198.27 Lacs)	415.99	28.30
Charity and donation	50.59	52.66
Miscellaneous Expenses	45.22	41.05
Selling expenses	15.43	12.18
Freight and forwarding charges	529.50	40.69
	<u>4,138.55</u>	<u>2,828.36</u>

Payment to Auditors

As Auditors:		
- Audit Fee	1.36	1.36
- Tax Audit Fee	0.24	0.24
In other capacity		
- Other services	0.78	0.66
- Reimbursement of expenses	0.50	0.62
	<u>2.88</u>	<u>2.88</u>

17. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

	As at 31.03.2012 (₹ in Lacs)	As at 31.03.2011 (₹ in Lacs)
17.1. Contingent Liabilities not provided for		
a) Letters of Credit Outstanding	5,138.19	4,374.77
b) Bank Guarantees	268.77	293.45
c) Custom duty, Excise duty and cenvat credit under dispute against which appeals have been filed / are being filed.	60.71	45.85
d) Demand in respect of sales tax/ purchase tax pending appeal with Appellate Authorities.	71.02	43.28
e) Bonds executed in favour of Govt. Authorities in respect of EPCG license in which export obligation has already been completed in previous year.	-	-

17.2. Employee Benefits:

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

(a) Changes in the present value of the obligations

(₹ in Lacs)

Particulars	Leave (Unfunded)		Gratuity (Unfunded)	
	Current year	Previous Year	Current year	Previous Year
Present value of obligations as at beginning of the year	19.92	18.42	65.39	61.69
Interest cost	1.64	1.55	5.23	4.66
Past Service cost	-	-	-	-
Current service cost	9.64	10.68	9.46	9.86
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(2.41)	(0.36)	(11.20)	(13.56)
Actuarial (gain)/ loss on Obligations	(12.16)	(10.37)	(8.26)	2.74
Present value of obligations as at end of the year	16.63	19.92	60.62	65.39

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

(c) Amount Recognized in Balance Sheet

(₹ in Lacs)

Particulars	Leave (Unfunded)		Gratuity (Unfunded)	
	Current year	Previous Year	Current year	Previous Year
Estimated Present value of obligations as at the end of the year	16.63	19.92	60.62	65.39
Fair value of Plan Assets as at the end of the year	-	-	-	-
Unfunded Net Liability recognized in Balance Sheet	16.63	19.92	60.62	65.39

(d) Expenses Recognized in Profit & Loss Account :

(₹ in Lacs)

Particulars	Leave (Unfunded)		Gratuity (Unfunded)	
	Current year	Previous Year	Current year	Previous Year
Current service cost	9.64	10.68	9.46	9.86
Past Service cost	-	-	-	-
Interest cost	1.64	1.55	5.23	4.66
Expected return on Plan Assets	-	-	-	-
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(12.16)	(10.37)	(8.26)	2.74
Total Expense recognised in Profit & Loss Account	(0.88)	1.86	6.43	17.26

(e) Investment details of Fund: Not Applicable

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

Particulars	Leave (Unfunded)		Gratuity (Unfunded)	
	Current year	Previous Year	Current year	Previous Year
Discount Rate (per annum)	8.75%	8.50%	8.75%	8.50%
Rate of increase in compensation levels (per annum)	7.00%	7.00%	6.00%	6.00%
Rate of return on plan assets (per annum)	N.A.	N.A.	N.A.	N.A.
Expected Average remaining working lives of employees (years)	26.41	26.13	26.38	26.13
Method Used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

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

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

(₹ in Lacs)

Particulars	Leave		Leave Travel Encashment		Ex-Gratia	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Liability as at beginning of the year	5.77	6.12	5.58	4.60	3.50	3.16
Liability as at the end of the year	6.44	5.77	5.47	5.58	6.11	3.50
Benefits paid	-	-	(4.10)	(3.03)	(3.70)	(4.41)
Amount debited to P&L Account	0.67	(0.35)	3.99	4.01	6.31	4.75

(h) During the year, the company has recognized an expense of ₹37.61 Lac (Previous Year ₹35.22 Lac) in respect of Contribution to Provident Fund and ₹4.35 Lac (Previous Year ₹4.22 Lac) in respect of Contribution to Superannuation Scheme.

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

17.4. Related Party Disclosure:

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

- i Key Management Personnel : Mr. B. K. Choudhary
- ii Holding Company : Vardhman Textiles Limited
- iii Fellow Subsidiary Companies : VMT Spinning Company Limited
VTL Investments Limited
Vardhman Yarns & Threads Limited
Vardhman Nisshinbo Garments Company Limited
Vardhman Special Steels Limited (upto 7th April 2011)

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

(₹ in Lacs)

Sr. No.	Particulars	Holding Company		Fellow Subsidiary Companies		Key Management Personnel (KMP)		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1.	Sale of goods (Net of discount)	23,095.35	19,560.94	-	-	-	-	23,095.35	19,560.94
2.	Sale of DEPB Licenses	-	-	3.92	-	-	-	3.92	-
3.	Purchase of DEPB Licenses	1,693.33	1,269.93	5.49	7.30	-	-	1,698.82	1,277.23
4.	Purchase of goods	177.02	4.69	-	-	-	-	177.02	4.69
5.	Interest paid on ICDs and current account balances	-	-	-	0.19	-	-	-	0.19
6.	Interest Received from ICDs and current account balances	128.34	417.57	5.68	65.13	-	-	134.02	482.70
7.	Contractual remuneration	-	-	-	-	26.53	19.25	26.53	19.25
8.	Loan taken (including opening balance)	1,132.50	1,111.50	-	-	-	-	1,132.50	1,111.50
9.	Loan repaid	1,132.50	1,111.50	-	-	-	-	1,132.50	1,111.50
10.	Closing balance of loans received	-	-	-	-	-	-	-	-
11.	Loan given (including opening balance)	51,064.30	44,899.20	3202.00	3202.00	-	-	54,266.30	48,101.20
12.	Loan repaid	50,889.30	44,308.50	-	-	-	-	50,889.30	44,308.50
13.	Closing balance of loans given	175.00	590.70	3202.00	3202.00	-	-	3,377.00	3,792.70

17.5. Operating lease: company as lessee

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, godown etc.). These leasing arrangements, which are non-cancellable, range between 11 months to 9 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent under Note-16.

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

(₹ in Lacs)

Particulars	31 March 2012	31 March 2011
Within one year	6.44	3.79
Total	6.44	3.79

17.6. Earning Per Share

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

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

(₹ in Lacs)

Particulars	Current Year	Previous Year
Profit after tax and adjustments	2,448.94	3,764.16
Total (A)	2,448.94	3,764.16
Weighted average number of equity shares (No. in Lac)	1,085.33	1,085.33
Total (B)	1,085.33	1,085.33
Earning per share : Basic / Diluted (A/B) ₹	2.26	3.47

17.7. a) Deferred Tax Liability (Net) as on 31st March, 2012 is as follows:

(₹ in Lacs)

	Current Year	Previous Year
Timing Difference on account of Depreciation	2,060.53	2,310.14
Less: Deferred Tax Assets arising on account of timing difference		
- On account of Unabsorbed Depreciation as per Income Tax Act, 1961	—	—
- On account of expenses allowable for tax purposes when paid	41.86	38.78
Net Deferred Tax Liability	2,018.67	2,271.36

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

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

17.9. Directors' Remuneration: -

(₹ in Lacs)

	Current Year	Previous Year
Salary	18.96	12.90
Contribution to Provident & Other Funds	1.37	1.22
Commission	5.70	5.10
Others including perquisites*	0.89	0.43
Total**	26.92	19.65

* Perquisites calculated as per Income Tax Rules, 1962.

** The above excludes contribution to the approved group pension and gratuity fund, which are actuarially determined on an overall basis.

17.10. Computation of net profit for section 198 read with Section 349 of the Companies Act, 1956, for the purpose of commission payable to the Managing Director.

(₹ in Lacs)

	Current Year	Previous Year
Profit before Taxation	3,524.19	5,629.32
Add: a) Depreciation as per Books of account	1,124.18	1,116.90
b) Managerial Remuneration	26.92	19.65
Less: a) Depreciation allowable	1,124.18	1,116.43
b) Profit / (Loss) on sale of Assets as per Section 349(3)(d) of the Companies Act, 1956.	-	-
Profit for computation of Commission	3,551.11	5,649.44
Maximum Permissible (i.e. 5 % of profits)	177.55	282.47
Commission Payable to Managing Director restricted to	5.70	5.10

17.11. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

17.12. Disclosure required by Clause 32 of Listing Agreement:

a) The Company has given Inter Corporate Deposits aggregating to ₹ 50,473.60 Lacs (Previous Year ₹ 44,899.20 Lacs) to M/s Vardhman Textiles Ltd. during the year. The maximum amount outstanding during the year was ₹ 5,627.95 Lacs (Previous Year ₹ 7,835.00 Lacs). The Balance outstanding as on 31.03.12 is ₹ 175.00 Lacs (Previous Year ₹ 590.70 Lacs).

b) The Company has given inter corporate deposits aggregating to ₹ Nil (Previous Year ₹ 3,202.00 Lacs) to M/s Vardhman Special Steels Limited during the year upto 7th April 2011. The maximum amount outstanding during the year was ₹ 3,202.00 Lacs (Previous Year ₹ 3,202.00 Lacs). The Balance outstanding as on 07.04.11 was ₹ 3,202.00 lacs (Previous Year ₹ 3,202.00 lacs).

17.13. Excise Duty amounting to ₹ 3,107.96 Lacs (Previous Year ₹ 3,153.87 Lacs) has been reduced from gross turnover as the same is included in the figure of gross turnover. Further the difference of excise duty between the closing stock and opening stock has been disclosed separately in the statement of profit and loss.

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

17.15. Capital and other commitments

- For commitments relating to lease arrangements, please refer note no-17.5.
- Guarantee of ₹ 232.90 Lacs (Previous year ₹232.90 Lacs) given by the company on behalf of another company, to the extent utilized.
- Estimated amount of contracts of ₹ 10.27 Lacs (Previous year-Nil) remaining to be executed on capital account and not provided for (net of advances).

17.16. Project and Pre-operative Expenses

(₹ in Lacs)

	As at 31.03.12	As at 31.03.11
Loan processing charges	30.20	Nil
Miscellaneous Expenses	0.13	Nil
Total	30.33	Nil

17.17. The company uses forward contracts to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities, firm commitment and highly probable forecast transactions. The use of the aforesaid financial instruments is governed by the company's overall strategy. The company does not use forward contracts and options for speculative purposes. The details of the outstanding forward contracts as at 31st March, 2012 is as under:

Particulars	Current Year		Previous Year	
	No. of Contracts	Amount in Foreign Currency (Lacs)	No. of Contracts	Amount in Foreign Currency (Lacs)
a) Category wise quantitative data				
Forward contracts against imports (USD)	19	113.53	8	56.07
b) Foreign currency exposure that has not been hedged by a derivative instrument or otherwise		NIL		NIL

17.18. Additional Information

(A) Installed Capacity		Unit	As at 31.03.2012	As at 31.03.2011
Acrylic Fibre & Tow		MT	20,000	20,000
(B) Actual Production			Current Year	Previous Year
Acrylic Fibre		MT	17,613.12	17,824.47
Acrylic Tow		MT	2,692.93	2,219.32
			20,306.05	20,043.79

		Unit	Current Year Qty.	Current Year Value (₹ in Lacs)	Previous Year Qty.	Previous Year Value (₹ in Lacs)
(C) Sales						
Acrylic Fibre (Manufactured)		MT	17,640.55	28,840.42	17,454.13	29,918.24
Acrylic Fibre (Traded)		MT	4,475.27	8,804.23	5,395.79	9,252.30
Acrylic Tow		MT	2,695.98	4,462.19	2,213.21	3,862.97
			24,811.80	42,106.84	25,063.13	43,033.51

		Current Year		Previous Year	
Unit		Qty.	Value (₹ in Lacs)	Qty.	Value (₹ in Lacs)
(D) Raw materials consumed					
Acrylonitrile	MT	18,541.76	20,420.18	18,194.64	19,729.61
Methyl Acrylate	MT	-	-	12,808.19	1,243.39
Vinyl Acetate Monomer	MT	1,807.84	1,063.09	453.97	211.46
Others	MT		521.16		498.50
			22,004.43	21,682.96	
(E) Purchase of Finished Goods					
Acrylic Fibre	MT	4,475.27	8,635.98	5,395.79	9,061.83
		4,475.27	8,635.98	5,395.79	9,061.83
(F) Stock Particulars of Finished Goods					
I.	Opening Stock:				
	Acrylic Fibre	MT	536.61	779.25	166.27
	Acrylic Tow	MT	16.95	24.18	10.84
			553.56	803.43	177.11
					231.07
II.	Closing Stock:				
	Acrylic Fibre	MT	509.18	727.17	536.61
	Acrylic Tow	MT	13.90	18.80	16.95
			523.08	745.97	553.56
					803.43
			Current Year (₹ in Lacs)	Previous Year (₹ in Lacs)	
(G) CIF Value of Imports					
	Raw Materials		12,967.92		11,043.38
	Stores & Spares		70.13		87.66
	Acrylic Fibre		7,317.46		7,647.58
			20,355.51	18,778.62	
(H) Expenditure in Foreign Currency					
	Travelling		0.26		0.55
	Subscription		5.21		4.93
	Professional Charges		46.70		28.83
			52.17	34.31	
(I) FOB Value of Export			Nil	Nil	
(J) Value of raw materials, components and spare parts consumed					
		(₹ in Lacs)	Current Year %	(₹ in Lacs)	Previous Year %
I	Raw Materials:				
	Imported	13,129.38	59.67	10,693.41	49.32
	Indigenous	8,875.05	40.33	10,989.55	50.68
		22,004.43	100.00	21,682.96	100.00
II	Components and Spare Parts:				
	Imported	71.78	21.29	20.36	8.13
	Indigenous	265.34	78.71	230.06	91.87
		337.12	100.00	250.42	100.00

As per our report of even date attached

For S.S. Kothari Mehta & Co.,

Chartered Accountants

Firm Registration No.: 000756N

CA KAMAL KISHORE

Partner

Membership No.: 078017

RUCHITA VIJ

Company Secretary

B.L. UPPAL

Chief Executive

For and on behalf of Board

B.K. CHOUDHARY

Managing Director

S.P. OSWAL

Chairman

Place : Gurgaon

Dated : 09.05.2012

VARDHMAN ACRYLICS LIMITED

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

PROXY FORM



I/We.....
of.....
in the Districtbeing a Member/Members
of **Vardhman Acrylics Limited** hereby appoint.....
of.....in the
District of.....failing him/her
.....of.....
.....in the district of.....
as my/our proxy to vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company to be held
at Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 3.00 PM, on
Saturday, the 1st September, 2012 and at any adjournment thereof.
Signed this.....day of.....2012.

Affix
Revenue
Stamp here

Signature.....
Address.....
Folio No./Client-Id No.....

NOTES :

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

(TEAR HERE)

VARDHMAN ACRYLICS LIMITED

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

ATTENDANCE SLIP



I hereby record my presence at the 22nd Annual General Meeting of the above named Company being held at
Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 3.00 PM, on
Saturday, the 1st September, 2012.

Full Name of the Member
(in BLOCK LETTERS)

Signature

Folio No./ Client-Id No.

No. of Shares held.....

Full Name of the Proxy
(In BLOCK LETTERS)

Signature

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



A scenic front view of unit of the company at Jhagadia, Bharuch (Gujarat)



Captive Power Plant (CPP) located inside the unit at Jhagadia, Bharuch (Gujarat)

