



Vardhman

VARDHMAN ACRYLICS LIMITED
20th ANNUAL REPORT 2009-10



BOARD OF DIRECTORS

Mr. Shri Paul Oswal	Chairman
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	Managing Director

VICE-PRESIDENT(COMMERCIAL)

Mr. K.C. Bansal

COMPANY SECRETARY

Mr. Sanjay Gupta

AUDITORS

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

BANKERS

State Bank of Patiala
ICICI Bank Limited

REGISTERED & CORPORATE OFFICE

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

BUSINESS OFFICE

5th Floor, Sagar Plaza Building
19, Laxmi Nagar District Centre
Vikas Marg, New Delhi - 110 092

WORKS

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

CONTENTS

Notice	2
Directors' Report	5
Corporate Governance Report	9
Auditors' Report	14
Balance Sheet	16
Profit & Loss Account	17
Cash Flow Statement	18
Schedules to Accounts	19

NOTICE

NOTICE is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the Members of the Company will be held on Monday, the 19th day of July, 2010 at 12.30 p.m. at Registered Office of the Company situated at 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, 2010 and Profit & Loss Account for the year ended on that date together with the Report of Auditors and Directors thereon.
2. a) To appoint a Director in place of Mr. Sachit Jain, who retires by rotation in accordance with Article 126 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
b) To appoint a Director in place of Dr. A.K. Bakhshi, who retires by rotation in accordance with Article 126 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint Auditors for the year 2010-2011 and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

“RESOLVED THAT in partial modification of the earlier resolution passed by the Members of the Company in their Annual General Meeting held on 30.08.2008 and pursuant to the provisions of Section 269 read with Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956, other terms and conditions remaining the same, the remuneration payable to Mr. B.K. Choudhary, Managing Director, be and is hereby enhanced w.e.f. 1st February, 2010, as follows :-

- | | |
|-----------------------|---------------------|
| I) BASIC SALARY | : Rs. 85,000/- p.m. |
| II) SPECIAL ALLOWANCE | : Rs. 22,500/- p.m. |

RESOLVED FURTHER THAT Mr. S. P. Oswal, Chairman, be and is hereby authorised, on behalf of the Company, to incorporate the above said change in the terms of appointment of Mr. B.K. Choudhary in the Agreement entered into with him by the Company.”

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

“RESOLVED THAT pursuant to the provisions of Section 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby given for the enhancement of the sitting fee payable to the Directors from Rs. 8,000/- and Rs. 5,000/- per meeting to Rs. 12,000/- and Rs. 10,000/- per meeting for attending the Board Meetings and Audit Committee Meetings respectively”.

By Order of the Board

Place : New Delhi

Dated : 28th April, 2010

(Sanjay Gupta)

Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE 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. A BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of items no. 4 & 5 of the Notice is annexed hereto and 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 also being

annexed hereto separately and both form part of the Notice.

3. The Register of Members and Share Transfer Books of the Company shall remain closed from 1st July, 2010 to 19th July, 2010.
4. Members desiring any information as regards Accounts are requested to write to the Company at its Registered 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.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 4 OF THE SPECIAL BUSINESS:

The Members of the Company in their Annual General Meeting held on 30.08.2008 had approved the appointment of Mr. B.K. Choudhary as Managing Director of the Company for a period of five years w.e.f. 12.05.2008, at a remuneration as detailed in the resolution passed by the Members in this regard. Mr. B.K. Choudhary is looking after all the present day to day affairs of the Company. Keeping in view his dedication and active participation in the business of the Company, the Board of Directors of the Company in its meeting held on 29.01.2010 has approved to enhance the remuneration payable to Mr. B.K. Choudhary i.e Basic Salary from Rs. 75,000/- to Rs. 85,000/- and Special Allowance from Rs. 5,000/- to Rs. 22,500/-, w.e.f. 1st February, 2010, other terms and conditions remaining the same. The said change in the remuneration of Mr. Choudhary is subject to the approval of the Members. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST:

None of the Directors except Mr. B.K. Choudhary, is concerned or interested in this resolution.

ITEM NO. 5 OF THE SPECIAL BUSINESS:

Article 116 of the Articles of Association of your Company provides for payment of sitting fee to every director for attending a meeting of the Board or its Committee subject

to such maximum fee as may be prescribed by the Central Government from time to time. In terms of Circular No. G.S.R. 580(E) dated 24.07.2003 issued by the Central Government, your Company can pay a maximum amount of Rs. 20,000/- as sitting fee for each meeting of the Board of Directors or a Committee thereof.

Keeping in view the contribution made by the Directors in framing progressive policies and also giving their valuable guidance/suggestions from time to time, the Board of Directors in its meeting held on 24th October, 2009 enhanced the sitting fee payable to directors from Rs. 8,000/- to Rs. 12,000/- and from Rs. 5,000/- to Rs. 10,000/- per meeting for attending the Board Meetings and Audit Committee Meetings respectively, subject to the approval of the Members in General Meeting. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST:

Except Mr. B.K. Choudhary, Managing Director, all other Directors of the Company are concerned or interested in this resolution.

By Order of the Board

Place : New Delhi
Dated : 28th April, 2010

(Sanjay Gupta)
Company Secretary

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

Name of the Director	Mr. Sachit Jain	Dr. A. K. Bakhshi
Date of Birth	08.07.1966	06.10.1947
Date of Appointment	30.12.1995	12.05.2008
Expertise in specific functional area	Business Executive having experience of more than 18 years in textile industry	About 35 years experience in teaching, research & educational programmes at Universities
Qualification	B. Tech., M.B.A	M.Sc., Ph.D
Directorships of Other Companies	<ul style="list-style-type: none"> • Vardhman Textiles Limited • Vardhman Holdings Limited • VMT Spinning Company Limited • Vardhman Apparels Limited • Vardhman Yarns & Threads Limited • Vardhman Texgarments Limited • Vardhman Spinning and General Mills Limited • VTL Investments Limited • Syracuse Investment & Trading Company (P) Limited • Adinath Investment & Trading Company • Devakar Investment & Trading Company (P) Limited • Srestha Holdings Limited • Anklesh Investments (P) Limited • Pradeep Mercantile Company (P) Limited • Plaza Trading Company (P) Limited • Marshall Investment & Trading Company (P) Limited • Santon Finance & Investment Company Limited • Flamingo Finance & Investment Company Limited • Ramaniya Finance & Investment Company Limited • Mahavir Spinning Mills (P) Limited • UTI Asset Management Company Limited 	Nil
Chairman/Member of Committees of other Companies	<p>Chairman-Audit Committee</p> <ul style="list-style-type: none"> • VMT Spinning Company Limited • Vardhman Yarns & Threads Limited <p>Member-Audit Committee</p> <ul style="list-style-type: none"> • Vardhman Texgarments Limited • UTI Asset Management Company Limited <p>Member-Shareholders'/ Investors' Grievances Committee</p> <ul style="list-style-type: none"> • Vardhman Textiles Limited • Vardhman Holdings Limited 	Nil
No. of shares held	10	Nil
Relationship with other Director(s)	Related to Mr. S.P. Oswal	Not related to any Director

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their Twentieth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

1. Financial Results :

The Financial Results for the year are as under: -

	(Rs. in lacs)	
Particulars	2009-10	2008-09
Sales (Gross)	28,673.88	25,390.06
Profit before Depreciation, Interest & Tax (PBDIT)	6,864.45	2,079.05
Interest & Financial Charges	33.14	156.19
Profit before depreciation & Tax (PBDT)	6,831.31	1,922.86
Depreciation	1,124.28	1,121.06
Profit before Tax	5,707.03	801.80
Provision for Tax		
- Current Tax (including wealth Tax)	1,150.00	91.11
- Deferred Tax	212.88	283.92
- Fringe Benefit Tax	—	3.30
- IT adjustment for earlier year	0.01	—
Profit after Tax	4,344.14	423.47
Prior period adjustments (Net)	0.04	0.01
Net Profit	4,344.10	423.46
Balance Brought from last year	2,664.70	2,241.24
Total	7,008.80	2,664.70
Appropriations:		
Transfer to General Reserve	—	—
Balance carried to Balance Sheet	7,008.80	2,664.70
Total	7,008.80	2,664.70
Earnings per share (Rs.)	4.00	0.39

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

a) ACRYLIC FIBRE INDUSTRY – GLOBAL AND INDIAN PERSPECTIVE:

The year 2008 witnessed a massive drop in demand of Acrylic Fibre globally, a drop of 22% approximately. It was both on account of reduction in consumption as also reduction in stocks in the pipeline. In the year 2009, the demand picked up by 6-7% globally and almost to the same extent in India largely on account of recovery in consumption with pipeline still remaining relatively understocked. The prices of acrylonitrile dropped to the lowest levels seen in last more than five years in the earlier part of the year 2009. At the same time, drop in Acrylic Fibre prices was relatively lower. The difference between Acrylic Fibre and Polyester Fibre prices narrowed down to levels which encouraged reversal of some volumes of earlier substitution of Acrylic Fibre by Polyester Fibre. Also the closure of some Acrylic Fibre capacities world over

in the year 2008 led to a tight supply position in earlier part of the year 2009. As a result of these factors, the spreads of Acrylic Fibre producers were healthy during this period. From third quarter of year 2009, the Acrylonitrile prices started moving up sharply both on account of significant increase in propylene prices and drop in Acrylonitrile production due to multiple reasons. By the first quarter of the year 2010, the Acrylonitrile prices touched historically high levels never seen before. The increase in Acrylic Fibre prices did not keep pace with increase in raw material costs. By February - March 2010, the Acrylonitrile prices seem to be completely disconnected with the long term values in its supply chain and seem to be in speculative territory. The difference in Acrylic Fibre and Polyester Fibre prices have once again widened to levels which may encourage substitution of Acrylic Fibre by Polyester Fibre. The global Acrylic Fibre production capacity utilization in the year 2009 was close to 85%. There are pockets of substantial surplus Acrylic Fibre capacities, specially in countries which do not have matching domestic consumption. The threat of dumping of Acrylic Fibre from such countries and producers remain very real.

b) FINANCIAL ANALYSIS & REVIEW OF OPERATIONS:

• PRODUCTION & SALES REVIEW:

The total production during the year under consideration was 18506 MT as against 18045 MT in the previous year. Your Company has achieved a turnover of Rs. 28,673.88 lacs against a turnover of Rs. 25,390.06 lacs in the previous year. After providing for depreciation of Rs. 1,124.28 lacs (previous year Rs. 1,121.06 lacs) and provision for current tax (including wealth tax) of Rs. 1,150.00 lacs (previous year Rs. 91.11 lacs), deferred tax (net of adjustments) of Rs. 212.88 lacs (previous year Rs. 283.92 lacs), fringe benefit tax of Rs. Nil (previous year Rs. 3.30 lacs) and income tax adjustments for earlier years of Rs. 0.01 lacs (previous year Nil), profit after tax of the Company is Rs. 4,344.14 lacs as against a net profit of Rs. 423.47 lacs in the previous year.

• RESOURCE UTILISATION:

i) Fixed Assets:

The gross fixed assets (including work-in-progress) as at 31st March, 2010 were Rs. 23,581.91 lacs as compared to Rs. 23,689.14 lacs in the previous year.

ii) Current Assets:

The net current assets as on 31st March, 2010 were Rs. 9,107.08 lacs as against Rs. 4,271.07 lacs in the previous year. Inventory level was at Rs. 4,460.88 lacs as against Rs. 1,907.66 lacs in the previous year.

• **FINANCIAL CONDITIONS & LIQUIDITY:**

Liquidity & Capital Resources:

(Rs. in Lacs)

	2009-2010	2008-2009
Cash & cash equivalents		
Beginning of the year	160.37	68.54
End of the year	338.57	160.37
Net cash provided/(used) by		
Operating Activities	4,399.52	3,434.08
Investing Activities	(4,626.44)	(2,002.35)
Financial Activities	405.12	(1,339.90)

c) BUSINESS OUTLOOK:

The general economic outlook globally is getting positive. There is an increasing return of confidence though many experts opine the recovery to be still fragile. The global economy is likely to grow around 3% in FY 2010-11 supported by robust economic growth of 10% and 8% in China and India respectively. Generally speaking, the economic outlook lends optimism, though with caution. With global economic outlook looking positive, the global textile trade is likely to witness an increase of around 10% in the FY 2010-11 over the previous year and this growth trend is likely to continue. The government of India has been encouraging modernization of Indian textile industry through several policy measures such as TUFs. Such measures shall lend support to Indian Textile Industry in becoming competitive and avail the opportunities in global Textile Trade. The Indian Acrylic Fibre industry is likely to be a beneficiary of increased textile export from India. The positive economic outlook and growth within the country is likely to lead to higher disposable incomes of the middle class, a major consumption segment of the Acrylic Fibre industry. Acrylic Fibre pipeline still remains relatively understocked and even partial restocking, if not full, is likely to lead to increased demand. Increase in cotton and wool prices over last few months may support increase in Acrylic Fibre consumption. All these indications augur well for Acrylic Fibre industry. The unprecedented high prices of Acrylonitrile in recent months and difficulties in passing on this increase to Acrylic Fibre prices is posing challenges to Acrylic Fibre industry. The widening difference between Acrylic Fibre and Polyester Fibre prices may lead to substitution to a certain extent once again. The inflationary pressures both within the country and globally have bearing on the outlook of the Acrylic Fibre industry. The extent and pattern of monsoon as also length of winter season will remain important influencing factors.

In overall analysis, the coming year is likely to be a period

of difficult conditions and uncertainty. Your Management shall continue to make all efforts to achieve high operating efficiencies and improved performance. It will make efforts to adopt prudent and proactive measures to mitigate the situation.

d) INTERNAL CONTROL SYSTEM:

The Company has well defined internal control system. The Company takes adequate care to review and monitor the working of internal control system. Internal audit in the organization is an independent appraisal activity and it measure the efficiency, adequacy and effectiveness of other controls in the organization. The findings and recommendations of the internal audit team are reviewed by the Audit Committee of the Board.

e) MANAGEMENT PERCEPTION OF RISK & CONCERNS:

The historically high Acrylonitrile prices seen in the recent few months are disconnected with long term values in its supply chain. Any sharp correction in prices will adversely impact the profitability of Acrylic Fibre industry including your Company. The widening gap between Acrylic Fibre & Polyester Fibre prices may lead to certain level of substitution once again thereby impacting the demand of Acrylic Fibre. The increase and volatility in crude oil prices, availability of propylene and capacity utilization of Acrylonitrile industry will also impact the cost structure of Acrylic Fibre industry. In the Indian context; overall monsoon scenario, weather pattern, agriculture incomes, inflationary pressures and economic growth trends will remain important factors for Acrylic Fibre industry. The global economic growth and trends in the coming year will also influence the Acrylic Fibre industry performance.

f) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS:

The Company continues to lay emphasis on strengthening positive work culture and environment which promotes innovation and excellence. The efforts on training of all personnel to enhance their skills, knowledge and competencies continued. High performance from the personnel at all levels is the key word for the Company. The industrial relations remained harmonious and peaceful during the year.

The Company employed over 300 persons during the year.

3. DIRECTORS:

Mr. Sachit Jain and Dr. A.K. Bakhshi, Directors of your Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

4. DIRECTORS' 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on 31st March, 2010;
- 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 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- 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. 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. AUDITORS' REPORT:

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

8. PERSONNEL:

None of the employees has received a salary of Rs. 24.00 lac per annum or Rs. 2.00 lac per month or more during the financial year 2009-2010. Accordingly, no particulars of employees are to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956.

9. 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.

10. 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 co-operation and efforts from them in future also.

For and on behalf of the Board

Place : New Delhi
Dated: 28th April, 2010

(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, 2010

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	2009-2010	2008-2009
1. Electricity:			
a) Purchased:			
Units	(KWH in lacs)	Nil	Nil
Total amount	(Rs. in lacs)	Nil	Nil
Rate per unit	(Rs./KWH)	Nil	Nil
b) Own Generation:			
i) Through Diesel Generator	(KWH in lacs)	5.27	8.19
Unit per Litre of Diesel Oil	(KWH)	2.86	2.71
Cost/Unit	(Rs./KWH)	12.67	13.68
ii) Through Turbines	(KWH in lacs)	250.38	249.53
Unit per Kg. of Coal/Lignite	(KWH/Kg.)	1.26	1.29
Total Cost	(Rs. in lacs)	515.69	536.15
Cost/Unit	(Rs./KWH)	2.06	2.15
2. Coal (used in Boiler for generation of Process Steam):			
Quantity	(MT)	29709	28987
Total Cost	(Rs. in lacs)	773.54	804.23
Average Rate	(Rs. per MT)	2,604	2,774
3. Furnace oil (used in Boiler for generation of Steam):			
Quantity	(K. Ltrs)	109.90	205.61
Total Cost	(Rs. in lacs)	27.87	32.65
Average Rate	(Rs. per Ltr)	25.36	15.88
B) CONSUMPTION PER UNIT OF PRODUCTION:			
Acrylic Fibre/Acrylic Tow			
Electricity	(KWH/KG)	1.38	1.43
Coal (used in Boiler for generation of Steam)	(MT/MT)	1.61	1.61
Furnace Oil (used in Boiler for generation of steam)	(K.Ltrs./MT)	0.006	0.011

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 :

- Use of new finish oils.

- Indigenization of several consumables such as filter media, candle filter etc.
- Adoption of high productivity spinning concept.
- Vendor development for inputs

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

- Cost reduction
- Productivity improvement

(iii) Future plan of action:

- Efforts to produce specialty applications and functional fibres.

(iv) Expenditure on R&D:

	(Rs. In lacs)	2009-10	2008-09
Non- Recurring	—	—	—
Percentage of turnover	—	—	—

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

Efforts to substitute some key raw materials

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

- Higher operating rates consistently
- Higher plant availability
- Customer delight through timely supply of consistent quality products

(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:

- Technology imported NIL
- Year of Import NA
- Has technology been fully absorbed? NA
- 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:

	(Rs. in lacs)	2009-10	2008-09
Foreign Exchange earned (FOB)	Nil	Nil	Nil
Foreign Exchange used (on accrual basis)	9,035.30	6,225.64	

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 directors, four directors are independent, thus it meets the stipulated requirement.
- (b) **Board Meetings:** During the financial year 2009-2010, the Board met four times on 23.04.2009, 29.07.2009, 24.10.2009 and 29.01.2010.

The composition of the Board of Directors and Directors attendance at the Board Meetings and at 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 2009-10 are 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	Yes	11	—	6	—
Mr. B.K. Choudhary	Managing Director, Non Independent	4	No	1	—	—	—
Mr. Sachit Jain	Non-Executive Director, Non Independent	1	Yes	13	6	1	2
Mr. D.L. Sharma	Non-Executive Director, Non Independent	3	Yes	5	5	1	—
Mr. S.P. Singh	Non-Executive Director, Independent	4	No	—	—	—	—
Mr. M.C. Gupta	Non-Executive Director, Independent	3	No	2	2	1	1
Mr. S.K. Bansal	Non-Executive Director, Independent	4	No	1	1	—	—
Dr. A.K. Bakhshi	Non-Executive Director, Independent	3	No	—	—	—	—

3. AUDIT COMMITTEE:

The Audit Committee of the Board of Directors was constituted in conformity with the requirements of the Listing Agreement entered into with the Stock Exchanges 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 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. Pursuant to the provisions of Clause 49 of the Listing Agreement, all members of the Audit Committee are financially literate and atleast one member is having accounting/related financial management expertise. Managing Director, Statutory Auditors, Internal Auditors and Chief Financial Officer of the Company are permanent invitees to the Committee Meetings. The Company Secretary of the Company is the Secretary to this Committee.

During the financial year 2009-10, the Audit Committee met 4 times on 23.04.2009, 29.07.2009, 23.10.2009 and 29.01.2010. 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	3

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 the Members of the Company in the General Meeting. During the financial year 2009-10, the Managing Director drew a salary of Rs. 16.25 lacs (Salary - Rs. 9.20 lacs, Special Allowance - Rs. 0.95 lacs, Commission - Rs. 4.60 lacs, Contribution to P.F. and other funds - Rs. 1.10 lacs and other perquisite -Rs. 0.40 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 2009-10 is given below:-

Sr. No.	Name of Director	Sitting Fee (Rs.)
1.	Mr. S.P. Singh	61,000/-
2.	Mr. M.C. Gupta	58,000/-
3.	Dr. A.K. Bakhshi	28,000/-
4.	Mr. S.K. Bansal	36,000/-

(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 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 29.03.2010 and the same was attended by Mr. M.C. Gupta and Mr. B.K. Choudhary.

Mr. Sanjay Gupta, Company Secretary of the Company, is the Compliance Officer for this Committee.

During the financial year 2009-10, the Company has received 3 complaints. The complaints are related to Non-receipt of Annual Report etc.. All the complaints have 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, 2009 - 19 th AGM	Friday, 24 th July, 2009 at 12.00 noon	Registered Office: Vardhman Premises, Chandigarh Road, Ludhiana-141 010.	—
31st March, 2008 - 18 th AGM	Saturday, 30 th August, 2008 at 12.00 noon	- do -	1
31st March, 2007 - 17 th AGM	Saturday, 18 th August 2007 at 12.30 p.m.	- do -	—

The Company has not passed any resolution through postal ballot, during the financial year 2009-2010. 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 the 'Desh Sewak'. The results of the Company are also made available at the web-site of the Company www.vardhman.com. Further, the financial results and shareholding pattern of the Company is also available on the Electronic Data Information Filing and Retrieval (EDIFAR) web-site viz. www.sebiedifar.nic.in.

9. GENERAL SHAREHOLDERS' INFORMATION:

- i) **20th Annual General Meeting:**
 - Date : 19th July, 2010
 - Time : 12.30 p.m.
 - Venue : Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana-141 010
- ii) **Financial Calendar 2010-2011 (Tentative):**
 - First Quarter Results : July, 2010
 - Second Quarter Results : October, 2010
 - Third Quarter Results : January, 2011
 - Annual Results : May, 2011
- iii) **Dates of Book Closure** : 1st July, 2010 to 19th July, 2010.
- iv) **Dividend payment date** : The Board of Directors has not recommended any dividend for the financial year 2009-10.
- 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 of the aforesaid Stock Exchanges for the financial year 2010-11.

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 of the Company vis-à-vis BSE Sensex during the financial year 2009-10 are given below :-

Financial Year 2009-10	Share Prices of the Company				BSE Sensex			
	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	% age change over last month's closing	Highest	Lowest	Closing	% age change over last month's closing
April	6.10	3.80	5.35	35.44	11492.10	9546.29	11403.25	17.46
May	7.95	5.25	7.85	46.73	14930.54	11621.30	14625.25	28.26
June	10.55	7.85	8.70	10.83	15600.30	14016.95	14493.84	-0.90
July	12.50	8.50	10.70	22.99	15732.81	13219.99	15670.31	8.12
August	11.40	9.40	10.00	-6.54	16002.46	14684.45	15666.64	-0.02
September	10.95	8.50	10.20	2.00	17142.52	15356.72	17126.84	9.32
October	11.00	8.45	9.05	-11.27	17493.17	15805.20	15896.28	-7.18
November	10.00	8.75	9.20	1.66	17290.48	15330.56	16926.22	6.48
December	12.90	9.20	12.60	36.96	17530.94	16577.78	17464.81	3.18
January	13.50	11.00	11.50	-8.73	17790.33	15982.08	16357.96	-6.34
February	12.95	11.20	11.30	-1.74	16669.25	15651.99	16429.55	0.44
March	12.20	10.25	10.85	-3.98	17793.01	16438.45	17527.77	6.68

viii) Registrar & Share Transfer Agents:

Pursuant to the 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 with 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 Limited is the Registrar and Share Transfer Agents of the Company. As per the arrangement with Transfer Agents the list of valid transfers prepared by them in respect of share transfer cases and objections, if any, received by them, 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, 2010:

Range of Number of Shares	SHAREHOLDERS		SHARES	
	Number	Per cent	Number	Per cent
1 500	9214	51.92	2720656	2.51
501 1000	3983	22.44	3741312	3.45
1001 2000	1921	10.83	3345461	3.08
2001 3000	740	4.17	2007426	1.85
3001 4000	278	1.57	1036297	0.95
4001 5000	506	2.85	2478105	2.28
5001 10000	569	3.21	4564905	4.21
10001 50000	432	2.43	9867784	9.09
50001 100000	60	0.34	4473980	4.12
100001 and above	43	0.24	74296582	68.46
Total	17746	100.00	108532508	100.00

xi) Dematerialisation of shares:

As on 31st March, 2010, 55.05% of the capital of the Company comprising 5,97,48,848 equity shares, was dematerialised.

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 : Vardhman Premises, Chandigarh Road, Ludhiana-141 010

Tel : (0161) 2228943-48

Fax : (0161) 2601048, 2602710 & 2222616

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 2009-10.

Place : New Delhi
Dated : 28th April, 2010

(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, 2010 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

Place : New Delhi
Dated : 28th April, 2010

(J. Krishnan)
Partner
Membership No.: 84551

AUDITORS' REPORT

To
The Members,
Vardhman Acrylics Limited

1. We have audited the attached balance sheet of **VARDHMAN ACRYLICS LIMITED**, as at 31st March, 2010, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account 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, 2010 and taken on record by the Board of Directors, we report that none

of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2010;
 - (b) in the case of the profit and loss account, 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

(J. Krishnan)
Partner

Place : New Delhi
Dated : 28th April, 2010

Membership No.: 84551

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. The inventory of the Company has been physically verified by the Management during the year. 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. We have been informed that there are no loans granted in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301.
8. We have been informed that there are no loans taken in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301.
9. 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 procedures.
10. Based on the audit procedures applied by us and according to the information and explanations given to us 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.
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. The Central Government of India has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured by the Company.
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, 2010 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: -

Sr. No.	Nature of dues	Amount due (Rs. in lacs)	Forum where pending
1.	Purchase/Sales Tax on fuel	43.28	Joint Commissioner of Sales Tax-Baroda
2.	Cenvat Credit	56.08	CESTAT-Ahmedabad
3.	Cenvat Credit	0.69	Commissioner (Appeals)-Surat
4.	Cenvat Credit	9.92	Appeals to be filed

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 preceeding 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 any financial institution or bank during the year.
19. According to the information and explanations given to us, the Company has given a counter guarantee of Rs. 232.90 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.
20. 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.
21. 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.
22. 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.
23. During the period covered by our audit report, the Company has not issued any debentures.
24. During the period covered by our audit report, the Company has not raised any money by Public Issue.
25. 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.
26. The other provisions of the Order do not appear to be applicable for the year under report.

**For S.S. Kothari Mehta & co.
Chartered Accountants**

**(J. Krishnan)
Partner**

**Place : New Delhi
Dated : 28th April, 2010**

Membership No.: 84551

BALANCE SHEET as at 31st March, 2010

Particulars	Schedule No.	As at 31.03.2010 (Rs. in Lacs)	As at 31.03.2009 (Rs. in Lacs)
A. SOURCES OF FUNDS			
1. Shareholders' Funds:			
a) Share Capital	1	10,853.25	10,853.25
b) Reserves & Surplus	2	8,014.95	3,670.85
2. Loan Funds :			
Secured Loans	3	234.38	160.50
3. Deferred Tax		2,569.21	2,356.32
TOTAL		21,671.79	17,040.92
B. APPLICATION OF FUNDS			
1. Fixed Assets :	4		
a) Gross Block		23,581.57	23,689.14
b) Less: Depreciation		12,031.95	11,084.04
c) Net Block		11,549.62	12,605.10
d) Capital Work-in-Progress		0.34	-
		11,549.96	12,605.10
2. Investments	5	1,014.75	164.75
3. Current Assets, Loans & Advances :			
a) Inventories	6	4,460.88	1,907.66
b) Sundry Debtors	7	312.63	133.63
c) Cash & Bank Balances	8	338.57	160.37
d) Loans & Advances	9	7,097.32	3,186.84
	(A)	12,209.40	5,388.50
Less: Current Liabilities & Provisions :	10		
a) Current Liabilities		2,985.41	1,128.32
b) Provisions		116.91	(10.89)
	(B)	3,102.32	1,117.43
Net Current Assets	(A-B)	9,107.08	4,271.07
TOTAL		21,671.79	17,040.92

SIGNIFICANT ACCOUNTING POLICIES AND

NOTES ON ACCOUNTS

19

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date attached

For S.S. Kothari Mehta & Co.,

Chartered Accountants

CA J. KRISHNAN

Partner

Membership No.: 84551

SANJAY GUPTA

Company Secretary

K.C. BANSAL

Vice-President

(Commercial)

B.K. CHOUDHARY

Managing Director

S.P. OSWAL

Chairman

Place : New Delhi

Dated : 28th April, 2010

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2010

Particulars	Schedule No.	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
INCOME			
Sales (Gross)		28,673.88	25,390.06
Less: Excise Duty		(1,625.69)	(1,332.63)
Sales (Net)		27,048.19	24,057.43
Other Income	11	408.66	202.89
TOTAL		27,456.85	24,260.32
EXPENDITURE			
Raw Material Consumed and Purchase of Finished Goods	12	17,537.12	18,602.93
Manufacturing Expenses	13	2,058.83	2,153.73
Personnel Expenses	14	648.18	638.56
Administrative & Other Expenses	15	403.92	421.19
Interest & Financial Expenses	16	33.14	156.19
Selling & Distribution Expenses	17	31.35	105.93
(Increase)/Decrease in Work-in-Process & Finished Goods	18	(87.00)	258.93
Depreciation		1,124.28	1,121.06
TOTAL		21,749.82	23,458.52
Profit/(Loss) before taxation		5,707.03	801.80
Less : Provision for			
- Current Tax including Rs. Nil (Previous Year Rs.0.11 Lac)		1,150.00	91.11
for Wealth Tax			
- Deferred Tax		212.88	283.92
- Fringe Benefits Tax		—	3.30
- Income Tax Adjustment for earlier years		0.01	—
Profit/(Loss) after taxation		4,344.14	423.47
Less : Prior Period Adjustments (Net)		0.04	0.01
Net Profit/(Loss)		4,344.10	423.46
Balance brought forward from last year		2,664.70	2,241.24
Balance available for appropriation		7,008.80	2,664.70
Appropriations :			
Transfer to General Reserve		—	—
Balance carried to Balance Sheet		7,008.80	2,664.70
		7,008.80	2,664.70
Earnings per share of Rs.10/- each (Basic & Diluted) (in Rs.)		4.00	0.39

SIGNIFICANT ACCOUNTING POLICIES AND

NOTES ON ACCOUNTS

19

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date attached

For S.S. Kothari Mehta & Co.,

Chartered Accountants

CA J. KRISHNAN

Partner

Membership No.: 84551

SANJAY GUPTA

Company Secretary

K.C. BANSAL

Vice-President
(Commercial)

B.K. CHOUDHARY

Managing Director

S.P. OSWAL

Chairman

Place : New Delhi

Dated : 28th April, 2010

CASH FLOW STATEMENT for the year ended 31st March, 2010

Particulars	Schedule No.	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax and Extraordinary Items		5,707.03	801.80
Adjustments for :			
Depreciation	1,124.28		1,121.06
Interest Charged	6.56		133.58
Interest received	(337.80)		(74.32)
(Profit)/Loss on sale of assets (Net)	140.71		(0.69)
Liabilities / Provisions no longer required written back	(3.59)	930.16	(93.09)
Operating Profit before Working Capital changes		6,637.19	1,888.34
Adjustments for :			
Decrease/(Increase) in trade & other receivables	(522.90)		(91.46)
Decrease/(Increase) in Inventories	(2,553.22)		1,239.99
(Decrease)/Increase in sundry creditors/current liabilities	1,860.67	(1,215.45)	479.52
Cash generation from operations		5,421.74	3,516.39
Taxes Paid	(1,022.22)	(1,022.22)	(82.31)
NET CASH FLOW FROM OPERATING ACTIVITIES		4,399.52	3,434.08
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(214.31)		(37.10)
Sale of fixed assets	4.81		11.15
Decrease/(Increase) in Inter Corporate Deposits	(3,566.60)		(1,976.40)
Investment in Mutual Funds/Liquid Funds/Debt Funds	(850.00)		-
Capital Work-in-Progress	(0.34)		-
NET CASH FLOW FROM INVESTING ACTIVITIES		(4,626.44)	(2,002.35)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Unsecured loans	-		(1,225.00)
Proceeds from short - term borrowings	73.88		(55.64)
Interest received	337.80		74.32
Interest paid	(6.56)		(133.58)
NET CASH FLOW FROM FINANCING ACTIVITIES		405.12	(1,339.90)
NET INCREASE IN CASH AND CASH EQUIVALENTS		178.20	91.83
CASH AND CASH EQUIVALENTS AS ON 01.04.2009		160.37	68.54
CASH AND CASH EQUIVALENTS AS ON 31.03.2010		338.57	160.37

SIGNIFICANT ACCOUNTING POLICES AND
NOTES ON ACCOUNT

19

The Schedules 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

CA J. KRISHNAN

Partner

Membership No.: 84551

SANJAY GUPTA

Company Secretary

K.C. BANSAL

Vice-President

(Commercial)

B.K. CHOUDHARY

Managing Director

S.P. OSWAL

Chairman

Place : New Delhi

Dated : 28th April, 2010

Schedule 1 to 19 Annexed to and forming part of the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended 31st March, 2010

	As at 31.03.2010 (Rs. in Lacs)	As at 31.03.2009 (Rs. in Lacs)
SCHEDULE 1 – SHARE CAPITAL		
Authorised:		
15,00,00,000 (Previous Year 15,00,00,000)	15,000.00	15,000.00
Equity Shares of Rs.10/- each	15,000.00	15,000.00
Issued, Subscribed & Paid-up		
10,85,32,508 (Previous year 10,85,32,508)		
Equity Shares of Rs.10/- each		
fully paid-up	10,853.25	10,853.25
TOTAL	10,853.25	10,853.25

NOTES:

1. 10,32,438 (Previous Year 10,32,438) Equity shares of Rs 10/- each are allotted as fully paid up, pursuant to a contract with IDBI without payment being received in cash.
2. Out of the above, 6,37,53,661 Equity shares (Previous Year 5,92,53,378 Equity Shares) of Rs.10/- each fully paid up are held by Vardhman Textiles Limited (formerly Mahavir Spinning Mills Limited) i.e. the Holding Company.

SCHEDULE 2 – RESERVES AND SURPLUS

General Reserve		
As per last Account	1,006.15	1,006.15
Surplus i.e. Balance as per annexed Profit & Loss Account	7,008.80	2,664.70
TOTAL	8,014.95	3,670.85

SCHEDULE 3 – SECURED LOANS

Working Capital Borrowings from Banks	234.38	160.50
TOTAL	234.38	160.50

NOTES :

1. Working Capital Borrowings from Banks are secured by hypothecation of entire present and future tangible current assets, second charge on all immovable assets.

SCHEDULE 4 – FIXED ASSETS

(Rs. in Lacs)

Sr. Particulars No.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Sales/ Adjustments	As at 31.03.2010	As at 01.04.2009	Adjustments	Depreciation for the year	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
1. Leasehold Land	1,446.81	–	–	1,446.81	146.54	–	14.85*	161.39	1,285.42	1,300.27
2. Buildings	2,419.35	1.42	–	2,420.77	672.94	–	67.52	740.46	1,680.31	1,746.41
3. Plant & Machinery	19,726.37	211.84	313.21	19,625.00	10,206.08	(170.99)	1,036.02	11,071.11	8,553.89	9,520.29
4. Furniture & Fixtures	54.70	1.05	1.28	54.47	44.51	(1.22)	1.92	45.21	9.26	10.19
5. Vehicles	41.91	–	7.39	34.52	13.97	(4.16)	3.97	13.78	20.74	27.94
Current Year	23,689.14	214.31	321.88	23,581.57	11,084.04	(176.37)	1,124.28	12,031.95	11,549.62	12,605.10
Previous Year	23,666.93	37.10	14.89	23,689.14	9,967.41	(4.43)	1,121.06	11,084.04	12,605.10	

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

SCHEDULE 5 - INVESTMENTS (AT COST)

Long Term Investments : Non-Trade

(Unquoted)

16,47,525 (Previous Year 16,47,525) Equity Shares of Bharuch Eco-Aqua Infrastructure Limited of Rs 10/- each fully paid up

As at
31.03.2010
(Rs. in Lacs)

As at
31.03.2009
(Rs. in Lacs)

164.75 164.75

23,85,970 (Previous Year Nil) Units of Rs. 10/- each of Reliance Regular Savings funds - Debt Plan - Growth

300.00 –

26,91,619 (Previous Year Nil) Units of Rs. 10/- each of SBI - Magnum Insta Cash fund - Cash option

550.00 –

TOTAL

1,014.75 164.75

SCHEDULE 6 - INVENTORIES

(Valued at cost or net realisable value, whichever is lower, as certified by Management of the Company)

Raw Materials

799.47 699.62

Raw Materials in Transit

2,531.69 232.33

Work-In-Process

203.94 122.76

Stores & Spares

694.71 518.52

Finished Goods

231.07 207.51

Goods in Transit

– 126.92

TOTAL

4,460.88 1,907.66

SCHEDULE 7 - SUNDRY DEBTORS

(Unsecured)

- Over six months Considered good

12.68 12.68

- Considered doubtful

11.72 11.72

24.40 24.40

Less : Provision for doubtful debts

11.72 11.72

12.68 12.68

- Others -Considered good

299.95 120.95

TOTAL

312.63 133.63

SCHEDULE 8 - CASH & BANK BALANCES

Cash in Hand

3.66 1.43

Balances with Scheduled Banks:

- In Current Accounts

34.71 158.84

- In Fixed Deposits

300.20 0.10

TOTAL

338.57 160.37

	As at 31.03.2010 (Rs. in Lacs)	As at 31.03.2009 (Rs. in Lacs)
SCHEDULE 9 - LOANS & ADVANCES		
(Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received /adjusted	400.01	386.58
Inter Corporate Deposits to Holding Company (Vardhman Textiles Limited)	5,543.00	1,976.40
Balances & Deposits with Government Authorities & Others	1,154.31	823.86
TOTAL	7,097.32	3,186.84
SCHEDULE 10 – CURRENT LIABILITIES & PROVISIONS		
(A) Current Liabilities		
Acceptances	2,471.76	513.41
Sundry Creditors:		
- SSI Units (includes Rs. 5.69 lacs (Previous Year Rs. Nil) due to		
Micro, Small and Medium Enterprises)	9.28	0.24
- Others	82.43	188.46
Trade Deposits & Advances	22.61	50.90
Other Liabilities	399.33	375.31
TOTAL	2,985.41	1,128.32
(B) Provisions		
Provision for Taxation	1,708.63	558.61
Less: Prepaid Taxes	1,591.72	569.50
TOTAL	116.91	(10.89)
	116.91	(10.89)
	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
SCHEDULE 11 - OTHER INCOME		
Sale of Scrap	7.74	9.85
Interest Received [TDS Rs. 28.12 Lacs (Previous year Rs 15.50 Lacs)]	337.80	74.32
Claims received	39.32	18.01
Divident on Current Investments	5.47	—
Sundry balances/Liabilities/Provisions no longer required, written back/off (net)	3.59	93.09
Miscellaneous Receipts	6.48	6.18
Exchange Rate Fluctuation (Net)	6.69	—
Profit on Sale of Fixed Assets	1.57	1.44
TOTAL	408.66	202.89
SCHEDULE 12 - RAW MATERIAL CONSUMED AND PURCHASE OF FINISHED GOODS		
Opening Stock	699.62	1,955.73
Purchases of Raw Material	12,375.27	12,559.52
	13,074.89	14,515.25
Less: Closing Stock	799.47	699.62
Raw Material Consumed	12,275.42	13,815.63
Add: Purchase of Finished Goods	5,261.70	4,787.30
TOTAL	17,537.12	18,602.93
SCHEDULE 13 - MANUFACTURING EXPENSES		
Power & Fuel	1,383.93	1,485.06
Water charges	155.43	159.86
Stores & Spares	230.52	261.50
Machinery Repairs	288.95	247.31
TOTAL	2,058.83	2,153.73

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
SCHEDULE 14 - PERSONNEL EXPENSES		
Salaries, Wages & Other Allowances	563.23	563.89
Contribution to Provident and other Funds	67.33	56.80
Employee Welfare	13.97	14.06
Recruitment Expenses	3.65	3.81
TOTAL	648.18	638.56
SCHEDULE 15 – ADMINISTRATIVE & OTHER EXPENSES		
Rent	3.63	3.22
Rates & Taxes	111.02	89.91
Insurance	18.18	17.48
Auditors' Remuneration		
- Audit Fee	1.06	1.06
- Tax Audit Fee	0.24	0.24
- Payment to Auditors in other capacity	0.35	0.05
- Expenses Reimbursed	0.58	1.07
Legal & Professional	13.33	12.49
Travelling & Conveyance	10.92	12.86
Printing & Stationery	8.69	9.20
Postage, Telegram & Telephones	13.44	16.09
Building Repairs	28.36	23.16
Other Repairs	2.31	0.61
Vehicle Expenses	10.47	9.75
Loss on sale of fixed assets/fixed assets w/off	142.28	0.75
Loss on Foreign Exchange	–	171.45
Charity & Donation	0.68	15.53
Miscellaneous Expenses	38.38	36.27
TOTAL	403.92	421.19
SCHEDULE 16 - INTEREST & FINANCIAL EXPENSES		
Interest on Others	6.56	133.58
Bank & Other charges	26.58	22.61
TOTAL	33.14	156.19
SCHEDULE 17 - SELLING & DISTRIBUTION EXPENSES		
Rebates & Discounts	0.13	82.40
Others	31.22	23.53
TOTAL	31.35	105.93
SCHEDULE 18 - (INCREASE)/DECREASE IN WORK-IN-PROCESS & FINISHED GOODS		
Opening Stock		
- Work-in-Process	122.76	192.86
- Finished Goods	207.51	419.80
	330.27	612.66
Less: Closing Stock		
- Work-in-Process	203.93	122.76
- Finished Goods	231.07	207.51
	435.00	330.27
	(104.73)	282.39
Excise Duty on (Increase)/Decrease in Finished Goods	17.73	(23.46)
TOTAL	(87.00)	258.93

SCHEDULE 19 - SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Accounting Convention:

The accounts are prepared on accrual basis under the historical cost convention and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the disclosure requirements of Schedule-VI to the Companies Act, 1956.

2. Revenue Recognition:

(i) Sales

Sales (Gross) include excise duty and is recognised on despatch of goods to the customers.

(ii) Claims and Benefits

Insurance and other claims are accounted for to the extent realized as the ultimate collection thereof is uncertain at the time of raising the claim.

3. Retirement Benefits:

a) Short Term Employee Benefits :

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.

4. Fixed Assets:

Fixed Assets are stated at historical cost less depreciation.

5. Depreciation:

(i) Depreciation for the year 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 Rs. 5000/- or below is charged @ 100% per annum on proportionate basis.

(iii) Leasehold land is amortised over the period of lease.

6. Investments:

Long term Investments are carried at cost less provision, if any, for diminution in value which is other than temporary and Current Investments are carried at the lower of cost and fair value.

7. Inventories:

Inventories of raw materials, stores and spares, work-in-process and finished goods are valued at cost or net realisable 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-process, 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.

8. Cenvat Credit:

Cenvat credit of excise duty, service tax and education cess paid on inputs and capital goods is accounted for by reducing the purchase / service cost of the related inputs or the capital assets as the case may be.

9. Preliminary Expenses:

Preliminary Expenses are written off over a period of ten years.

10. Foreign Currency Conversion/Translation:

Foreign currency transactions are recorded on initial recognition at the rate prevailing on the date of transaction. Where export bills are negotiated with the bank, the export sales are recorded at the rate on the date of negotiation as the said rate approximates the actual rate at the date of the transaction.

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 an income or as an expense in the period in which they arise.

The premium or discount arising at the inception of forward exchange contract is amortised as an expense or as an income over the life of the contract.

Exchange differences on the aforesaid forward exchange contract are recognised 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 recognised as an income or as an expense in the period in which such profit or loss arises.

11. 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.

12. 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:

Particulars	Leave (Unfunded)	(Rs. in Lacs) Gratuity (Unfunded)
Present value obligation as at 31 st March, 2009	14.37	42.29
Interest cost	1.06	3.29
Past Service cost	—	—
Current service cost	7.67	9.08
Curtailment cost	—	—
Settlement cost	—	—
Benefits Paid	(3.89)	(7.26)
Actuarial (gain)/loss on Obligations	(0.79)	14.29
Present value obligation as at 31 st March, 2010	18.42	61.69

- (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 :

Particulars	Leave (Unfunded)	(Rs. in Lacs) Gratuity (Unfunded)
Estimated Present value of obligations as at the end of the year	18.42	61.69
Fair value of Plan Assets as at the end of the year	—	—
Unfunded Net Liability recognized in Balance Sheet	18.42	61.69

- (d) Expenses Recognized in Profit & Loss Account :

Particulars	Leave (Unfunded)	(Rs. in Lacs) Gratuity (Unfunded)
Current service cost	7.67	9.08
Past Service cost	—	—
Interest cost	1.05	3.29
Expected return on Plan Assets	—	—
Curtailment cost	—	—
Settlement cost	—	—
Net Actuarial (gain)/loss recognised during the year	(0.79)	14.29
Total Expense recognised in Profit & Loss Account	7.93	26.66

- (e) Investment details of Fund : Not Applicable

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

Particulars	Leave (Unfunded)	Gratuity (Unfunded)
Discount Rate (per annum)	8.50%	8.50%
Rate of increase in compensation levels (per annum)	7.00%	6.00%
Rate of return on plan assets (per annum)	N.A.	N.A.
Expected Average remaining working lives of employees (years)	24.94	24.86
Method Used	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 (Unfunded):

Particulars	Leave	Leave Travel Encashment	(Rs. in Lacs) Ex-Gratia
Liability as on 31.03.2009	6.30	8.03	3.12
Liability as on 31.03.2010	6.12	4.60	3.16
Benefits paid	—	(2.96)	(3.63)
Amount debited to P&L Account	(0.18)	(0.47)	3.67

- (h) During the year, the Company has recognized an expense of Rs. 30.14 lacs in respect of contribution to Provident Fund Scheme.

B. NOTES ON ACCOUNTS:

	As at 31.03.2010 (Rs. in Lacs)	As at 31.03.2009 (Rs. in Lacs)
1. Contingent Liabilities not provided for:		
a) Letters of Credit Outstanding	297.63	1,682.34
b) Bank Guarantees	206.00	248.75
c) Guarantee given by the Company on behalf of another company, to the extent utilized	232.90	232.90
d) Custom duty, Excise duty and cenvat credit under dispute against which appeals have been filed / are being filed	66.69	58.25
e) Demand in respect of Sales tax/ Purchase tax pending appeal with Appellant Authorities	43.28	44.28
f) Bonds executed in favour of Govt. Authorities in respect of EPCG license in which export obligation has already been completed	793.39	793.39
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	45.45	Nil
3. 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.		
4. Previous year's figures have been recast/regrouped, wherever necessary, to make them comparable with current year's figures.		
5. Remuneration paid / payable to the Managing Director:		

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Salary	10.15	9.06
Contribution to Provident & Other Funds	1.10	1.02
Commission	4.60	4.00
Others including perquisites*	0.40	—
Total**	16.25	14.08

* 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.

6. Figures in bracket indicate deductions.
7. Sundry Creditors include amounts owed to small scale industrial undertaking(s) Rs. 9.28 lacs (Previous year Rs. 0.24 lacs). Amount which is outstanding for a period of more than 30 days is Rs. Nil (Previous year Rs. Nil). The Company has not made any delays in settlement of balances due to small scale undertakings and hence no provision for interest on delayed payment is required. Further, there are no outstanding amounts payable beyond the agreed period to small, micro and medium enterprises as on the Balance Sheet date to the extent such enterprises have been identified, based on the information available with the Company.
8. Depreciation adjustments represent provision for depreciation for earlier years, provision written back and similar adjustments for depreciation.
9. Information pursuant to Para 3 & 4 of Part-II of Schedule-VI to the Companies Act, 1956 (to the extent applicable) is as under:

(A) Installed Capacity	Unit	As at 31.03.2010	As at 31.03.2009
Acrylic Fibre & Tow	MT	20,000	18,000

(B) Actual Production		Current Year		Previous Year	
Acrylic Fibre	MT	15,182.35		14,468.81	
Acrylic Tow	MT	3,323.52		3,575.83	
		<u>18,505.87</u>		<u>18,044.64</u>	
	Unit	Current Year		Previous Year	
		Qty.	Value	Qty.	Value
			(Rs. in Lacs)		(Rs. in Lacs)
(C) Sales					
Acrylic Fibre (Manufactured)	MT	15,257.58	19,143.12	14,573.93	16,334.59
Acrylic Fibre (Traded)	MT	3,590.51	5,375.23	2,949.83	4,884.22
Acrylic Tow	MT	3,368.33	4,155.53	3,561.95	4,171.25
		<u>22,216.42</u>	<u>28,673.88</u>	<u>21,085.71</u>	<u>25,390.06</u>
(D) Raw materials consumed					
Acrylonitrile	MT	16,849.74	10,758.69	16,370.29	12,289.16
Methyl Acrylate	MT	1,594.67	996.78	1,549.87	1,082.20
Others			519.95		444.27
			<u>12,275.42</u>		<u>13,815.63</u>
(E) Purchase of Finished Goods					
Acrylic Fibre	MT	3,590.51	5,261.70	2,949.83	4,787.30
		<u>3,590.51</u>	<u>5,261.70</u>	<u>2,949.83</u>	<u>4,787.30</u>
(F) Stock Particulars of Finished Goods					
I. Opening Stock:					
Acrylic Fibre	MT	241.51	168.65	341.55	369.17
Acrylic Tow	MT	55.64	38.86	46.83	50.63
		<u>297.15</u>	<u>207.51</u>	<u>388.38</u>	<u>419.80</u>
II. Closing Stock:					
Acrylic Fibre	MT	166.27	217.53	241.51	168.65
Acrylic Tow	MT	10.84	13.54	55.64	38.86
		<u>177.11</u>	<u>231.07</u>	<u>297.15</u>	<u>207.51</u>
(G) CIF Value of Imports			Current Year		Previous Year
			(Rs. in Lacs)		(Rs. in Lacs)
Raw Materials			5,329.32		3,606.06
Stores & Spares			33.08		35.42
Acrylic Fibre			3,666.93		2,577.61
			<u>9,029.33</u>		<u>6,219.09</u>
(H) Expenditure in Foreign Currency					
Travelling			0.76		1.41
Subscription			5.21		5.14
			<u>5.97</u>		<u>6.55</u>
(I) FOB value of Exports			Nil		Nil
(J) Value of raw materials, components and spare parts consumed					
		Current Year		Previous Year	
		(Rs. in Lacs)	%	(Rs. in Lacs)	%
I. Raw Materials:					
Imported		5,350.45	43.59	3,730.28	27.00
Indigenous		6,924.97	56.41	10,085.35	73.00
		<u>12,275.42</u>	<u>100.00</u>	<u>13,815.63</u>	<u>100.00</u>
II. Components and Spare Parts:					
Imported		34.63	15.02	34.85	13.33
Indigenous		195.89	84.98	226.65	86.67
		<u>230.52</u>	<u>100.00</u>	<u>261.50</u>	<u>100.00</u>

10. 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 the Institute of Chartered Accountants of India.

11. Deferred Tax Liability (Net) as on 31st March, 2010 is as follows:

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Timing Difference on account of Depreciation	2,608.83	2,913.83
Less : Deferred Tax Assets arising on account of timing difference		
- On account of Unabsorbed Depreciation as per Income Tax Act, 1961	—	543.14
- On account of expenses allowable for tax purposes when paid	39.62	14.37
Net Deferred Tax Liability	<u>2,569.21</u>	<u>2,356.32</u>

12. No asset qualifies for the current year according to AS-28 issued by the Institute of Chartered Accountants of India.

13. Related Party Disclosure:

Details of transactions entered into with related parties during the year as required by Accounting Standard (AS) - 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are as under:

(Rs. 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)	8,821.71	10,302.28	486.83	1,028.74	-	-	9,308.54	11,331.02
2.	Purchase of DEPB Licenses	1,081.09	87.10	71.28	65.68	-	-	1,152.37	152.78
3.	Purchase of goods	788.50	1,421.08	97.16	131.17	-	-	885.66	1,552.25
4.	Interest paid on ICDs and current account balances	-	64.60	1.11	62.33	-	-	1.11	126.93
5.	Interest Received	256.86	33.00	-	8.37	-	-	256.86	41.37
6.	Contractual remuneration	-	-	-	-	15.85	14.08	15.85	14.08
7.	Loan taken (including opening balance)	-	12,163.00	-	1,839.00	-	-	-	14,002.00
8.	Loan repaid	-	12,163.00	-	1,839.00	-	-	-	14,002.00
9.	Closing balance of loans received	-	-	-	-	-	-	-	-
10.	Loan given (including opening balance)	33,392.53	3,485.45	-	440.00	-	-	33,392.53	3,925.45
11.	Loan repaid	27,849.53	1,509.05	-	440.00	-	-	27,849.53	1,949.05
12.	Closing balance of loans given	5,543.00	1,976.40	-	-	-	-	5,543.00	1,976.40

Note:

- | | |
|-----------------------------|---|
| i. Key Management Personnel | : Mr. B. K. Choudhary |
| ii. Holding Company | : Vardhman Textiles Limited (formerly Mahavir Spinning Mills Limited) |
| iii. Fellow Subsidiary | : VMT Spinning Company Limited
VTL Investments Limited
Vardhman Yarns and Threads Limited
Vardhman Texgarments Limited |

14. Information pursuant to Part-IV of Schedule-VI to the Companies Act, 1956 :
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. REGISTRATION DETAILS

Registration No.

1 9 2 1 2

State Code

1 6

Balance Sheet Date

3 1

0 3

2 0 1 0

Date

Month

Year

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Assets

2 1 6 7 1 7 9

Total Liabilities

2 1 6 7 1 7 9

SOURCES OF FUNDS

Paid-up Capital

1 0 8 5 3 2 5

Reserves and Surplus*

1 0 5 8 4 1 6

Secured Loans

2 3 4 3 8

Unsecured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

1 1 5 4 9 9 6

Investments

1 0 1 4 7 5

Net Current Assets

9 1 0 7 0 8

Miscellaneous Expenditure

N I L

Accumulated Losses

N I L

* Including deferred tax liability amounting to Rs. 2,56,921 thousand.

IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousand)

Turnover (including other Income)

2 7 4 5 6 8 5

Total Expenditure

2 1 7 4 9 8 2

+ -
✓

Profit/Loss before Tax

5 7 0 7 0 3

+ -
✓

Profit/Loss after Tax

4 3 4 4 1 4

Earnings per Share (in Rs.)

4 . 0 0

Dividend Rate %

N I L

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY:

(As per Monetary Terms)

Item Code No. (ITC Code)

5 5 0 3 . 3 0

Product Description

A C R Y L I C F I B R E

Item Code No. (ITC Code)

5 5 0 1 . 3 0

Product Description

A C R Y L I C T O W

As per our report of even date attached

For S.S. Kothari Mehta & Co.,

Chartered Accountants

CA J. KRISHNAN

Partner

Membership No.: 84551

SANJAY GUPTA

Company Secretary

K.C. BANSAL

Vice-President
(Commercial)

B.K. CHOUDHARY

Managing Director

S.P. OSWAL

Chairman

Place : New Delhi

Dated : 28th April, 2010

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 20th Annual General Meeting of the Company to be held
at Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 12.30 PM,
on Monday, the 19th day of July, 2010 and at any adjournment thereof.
Signed this.....day of.....2010.

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 20th Annual General Meeting of the above named Company being held at
Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 12.30 PM, on
Monday, the 19th day of July, 2010.

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.

SUGGESTIONS



.....Pin Code

--	--	--	--	--	--

(TEAR HERE)

