



Vardhmān

**Vardhmān Acrylics Limited**



## BOARD OF DIRECTORS

Mr. Shri Paul Oswal	<i>Chairman</i>
Mr. Sachit Jain	
Mr. Munish Chandra Gupta	
Mr. Sanjit Paul Singh	
Mrs. Geeta Mathur	<i>Additional Director</i>
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 Share Transfer Agent Limited  
Mumbai

## REGISTERED & CORPORATE OFFICE

Vardhman Premises, Chandigarh Road,  
Ludhiana-141 010  
Phones: (0161) 2228943 - 48  
Fax: (0161) 2220766, 2601048  
E-mail: secretarial.lud@vardhman.com  
Web site: www.vardhman.com  
CIN: L51491PB1990PLC019212  
PAN: AAACV7602E

## 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 .....	10
Corporate Governance Report .....	14
Independent Auditors' Report .....	20
Balance Sheet .....	22
Statement of Profit and Loss .....	23
Cash Flow Statement .....	24
Notes to Financial Statements .....	25

## NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of the Company will be held on Thursday, the 25<sup>th</sup> day of September, 2014 at 10.00 a.m. at Regd. Office, Vardhman Premises, Chandigarh Road, Ludhiana - 141 010 to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and Statement of Profit & Loss for the year ended on that date together with the Auditors' Report thereon.
2. To appoint a Director in place of Mr. S.P. Oswal, who retires by rotation in accordance with the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To appoint Statutory Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** M/s. S.S. Kothari Mehta & Company, Chartered Accountants (Registration No. 000756N), be and are hereby appointed as Statutory Auditors of the Company for a term starting from conclusion of the 24<sup>th</sup> Annual General Meeting till the conclusion of 27<sup>th</sup> Annual General Meeting of the Company, at such remuneration and reimbursement of out-of-pocket expenses and service tax as may be finalized by the Chairman of the Company subject to ratification by members at every Annual General Meeting during their tenure."

### SPECIAL BUSINESS:

4. To appoint Mr. Munish Chandra Gupta as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Munish Chandra Gupta (DIN: 01362556), who was appointed as an Independent Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of three (3) consecutive years starting from the date of this Annual General Meeting to the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company."

5. To appoint Mr. Sanjit Paul Singh as an Independent Director and in this regard to consider and if thought fit, to pass, with

or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sanjit Paul Singh (DIN: 00619284), who was appointed as an Independent Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of three (3) consecutive years starting from the date of this Annual General Meeting to the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company."

6. To appoint Mr. Surinder Kumar Bansal as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Surinder Kumar Bansal (DIN: 00165583), who was appointed as an Independent Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of three (3) consecutive years starting from the date of this Annual General Meeting to the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company."

7. To appoint Mrs. Geeta Mathur as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Geeta Mathur (DIN: 02139552), who was appointed as an Additional Director pursuant to the provisions of section 161(1) of the Companies Act, 2013 and Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member

proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of three (3) consecutive years starting from the date of this Annual General Meeting to the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company."

8. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard 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 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. To amend the terms and conditions relating to remuneration of Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 196 read with Schedule-V and respective rules thereof, and other applicable provisions, if any, of the Companies Act, 2013 and subject to the approval of Members of the Company, the terms and conditions relating to remuneration of Mr. B.K. Choudhary, be and is hereby amended with effect from 1<sup>st</sup> June, 2014 and the amended terms & conditions are detailed below:-

SR.NO.	REMUNERATION	DETAILS
I.	Basic Salary	Basic Salary will be in the scale of ₹ 1,75,000 - ₹ 15,000 - ₹ 1,90,000 per month.
II.	Commission	Commission equal to 1% of the Net Profit of the Company, subject to maximum of 100% of the Annual Basic Salary.
III.	Special Allowance	Special allowance @ ₹ 60,000 per month.
IV.	Perquisites	The perquisites shall be allowed in addition to basic salary, special allowance and commission. However, such perquisites shall be restricted to an amount equal to one year's basic salary during each year as per details given below :-
a)	Housing	Free Residential Accommodation or House Rent Allowance equal to 40% of basic salary. Free furnishing is to be provided by the Company along with other amenities. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.
b)	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family, subject to a maximum ceiling of one month's basic salary in a year or three months' basic salary over a period of three years.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family shall be reimbursed once in a year in accordance with the rules specified by the Company subject to a maximum of ₹ 1,00,000 p.a.
d)	Club Fees	Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
e)	Personal Accident Insurance	Premium not to exceed ₹ 5,000 per annum.
f)	Car & Telephone	Free use of Company's car for official work as well as for personal purposes along with Driver and telephone at Company's cost.

Explanation: "Family" means the spouse, the dependent children and dependent parents of the appointee.



**RESOLVED FURTHER THAT** Mr. S.P. Oswal, Chairman, be and is hereby authorised to execute an agreement on behalf of the Company with Mr. B.K. Choudhary subject to such changes and modifications as may be approved by the Members and agreed to by the Board of Directors and Mr. B.K. Choudhary.

**RESOLVED FURTHER THAT** Common Seal of the Company, if required, be affixed on the said Agreement, in the presence of Mr. S.P. Oswal, Chairman and Ms. Ruchita Vij, Company Secretary, who shall countersign the same in token thereof.

**RESOLVED FURTHER THAT** Ms. Ruchita Vij, Company Secretary, be and is hereby authorised to take all necessary steps as may be deemed necessary to comply with other legal formalities in this regard."

10. To enter into Related Party Transactions and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:-

"**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013, the rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of members be and is hereby accorded for entering into contracts with related parties as per details mentioned in the Statement annexed to the notice, the copy of which is laid before the meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved.

**RESOLVED FURTHER THAT** pursuant to the provisions of section 189 of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Ruchita Vij, Company Secretary, be and is hereby authorized to do the necessary entries in the Register of contracts or arrangements and authenticate them.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to this resolution."

**BY ORDER OF THE BOARD**

**PLACE: Gurgaon**  
**DATE: 2nd August, 2014**

**(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.

However, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not

more than ten percent of the total share capital of the Company.

2. Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Item Nos. 4-10 is annexed hereto and forms part of the Notice.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 27<sup>th</sup> August, 2014 to 25<sup>th</sup> September, 2014 (both days inclusive).
4. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However members, holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
5. 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.
6. 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.
7. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.
8. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking appointment/re-appointment in the Annual General Meeting as proposed in Item Nos. 2, 4, 5, 6 and 7 of the Notice is also being annexed hereto separately and forms part of the Notice.
9. **Voting through electronic means:**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement, the Company is pleased to provide members a facility to exercise their right to vote at the 24<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The e-voting period commences on 17<sup>th</sup> September, 2014 (9:00 am) and ends on 19<sup>th</sup> September, 2014 (5:00 pm). During this period shareholder's of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 27<sup>th</sup> August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after end of voting period on 19<sup>th</sup> September, 2014. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on 17<sup>th</sup> September, 2014 (9:00 am) and ends on 19<sup>th</sup> September, 2014 (5:00 pm).

During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 27<sup>th</sup> August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "VARDHMAN ACRYLICS LIMITED" from the drop down menu and click on "SUBMIT"
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in De-mat Form and Physical Form	
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both de-mat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>DOB</b>	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions

of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN 140821001 <VARDHMAN ACRYLICS LIMITED> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders:
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

10. M/s. B.K. Gupta & Associates, Company Secretaries have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e-voting process). The Scrutinizer shall within a period of three working days from the conclusion of e-voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
11. The Ministry of Corporate Affairs (“MCA”) has vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 19, 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:

**Registrar and Transfer Agent,**  
MCS SHARE TRANSFER AGENT LIMITED,  
12/1/5, Manoharpukur Road,  
Ground Floor, Kolkata-700026  
Phone: 033-40724051/55, Fax: 033-40724050  
E-mail: [uday\\_mcs@yahoo.in](mailto:uday_mcs@yahoo.in)

**MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.**

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

Name of the Director	Mr. S.P. Oswal	Ms. Geeta Mathur	Mr. M.C. Gupta	Mr. S.P. Singh	Mr. S.K. Bansal
Date of Birth	08.04.1942	21.11.1966	23.07.1938	16.09.1959	15.05.1946
Date of Appointment	24.12.1990	02.08.2014	17.04.2003	17.04.2003	22.01.2009
Expertise in specific functional area	Rich business experience of more than 42 years in textile industry.	Project, corporate and structured finance, treasury, business development, investor relations, strategic planning and team building.	Industrial Promotion, Industrial Policy, Corporate Governance, Financial Management, Taxation, etc	Corporate strategy, Finance & Accounts and Human Resources.	40 years experience as a practicing Chartered Accountant with specialisation in Auditing, Financial Planning, Taxation etc.
Qualification	M.Com (Gold Medalist)	Chartered Accountant	M.A. (English) & Diploma in Public Administration	B.Com & M.B.A.	B.Sc, F.C.A, C.F.E, A.I.I.A & A.H.I.A
Directorships of Other Companies	<ul style="list-style-type: none"> <li>• Vardhman Textiles Limited</li> <li>• VMT Spinning Company Limited</li> <li>• VTL Investments Limited</li> <li>• Vardhman Holdings Limited</li> <li>• Adinath Investment &amp; Trading Company</li> <li>• Devakar Investment &amp; Trading Co. Pvt. Ltd.</li> <li>• Anklesh Investments (P) Ltd.</li> <li>• Srestha Holdings Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Motherson Sumi Limited</li> <li>• NIIT Limited</li> <li>• Anant Management Consultants Pvt Ltd.</li> <li>• Helpage India Vishokanand Vridhashram</li> </ul>	<ul style="list-style-type: none"> <li>• Bhansali Engineering Polymers Limited</li> <li>• Lumax Industries Limited.</li> </ul>	<ul style="list-style-type: none"> <li>• Brahaspati iron and Steel Company (P) Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Steel Strips Wheels Ltd.</li> <li>• Marudhar Hotels (P) Ltd.</li> <li>• Shri Bhavani Power Projects (P) Ltd.</li> <li>• Chetan Dalal Investigation and Management services Pvt. Ltd.</li> <li>• Skyfarms India Pvt. Ltd.</li> <li>• Virat Farms Private Limited</li> <li>• Padmawati Leasing &amp; Credits private Limited</li> <li>• Virat Greens Private Ltd</li> </ul>



	<ul style="list-style-type: none"> <li>• Mahavir Spinning Mills Private Limited</li> <li>• Santon Finance &amp; Investment Company Limited</li> <li>• Flamingo Finance &amp; Investment Company Limited</li> <li>• Ramaniya Finance &amp; Investment Company Limited</li> <li>• Marshall Investment &amp; Trading Company Pvt. Ltd.</li> <li>• Pradeep Mercantile Co. Pvt. Ltd.</li> <li>• Plaza Trading Co. Pvt. Ltd.</li> <li>• Syracuse Investment &amp; Trading Company Pvt. Ltd</li> <li>• Amber Syndicate</li> <li>• Paras Syndicate</li> <li>• Adinath Syndicate</li> <li>• Northern Trading Company</li> <li>• Eastern Trading Company</li> <li>• Vardhman Spinning and General Mills Limited</li> <li>• Nimbua Greenfield (Punjab) Limited</li> <li>• New Delhi Institute of Management</li> <li>• Vardhman Yarns and Threads Ltd.</li> </ul>				
Chairman/Member of Committees of Other Companies	Nil	Nil	<b>Chairman/Member-Audit Committee</b> 1. Bhansali Engineering Polymers Ltd. 2. Lumax Industries Ltd.	Nil	<b>Member- Audit Committee, Shareholders Grievance Committee, Share Transfer Committee, Sub-Committee</b> 1. Steel Strips Wheels Ltd.
No. of Shares Held	10	Nil	Nil	Nil	Nil
Relationship with other Directors	Related to Mr. Sachit Jain	Not related to any Director	Not related to any Director	Not related to any Director	Not related to any Director

**ANNEXURE TO THE NOTICE:**

**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (ITEM NOS. 4 - 10)**

**Item Nos. 4 to 7:**

In accordance with the provisions of Section 149 of the Companies Act, 2013 which came into effect from April 1, 2014, every listed company is required to have at least one-third of the total number of directors as Independent Directors who are not liable to retire

by rotation and who shall hold office upto a term of five (5) consecutive years.

The Company had appointed Mr. Munish Chandra Gupta, Mr. Sanjit Paul Singh and Mr. Surinder Kumar Bansal as Non-Executive Independent Directors, liable to retire by rotation, under the Companies Act, 1956. The Board has also appointed Mrs. Geeta Mathur as an Additional Director of the Company in their meeting held on 2nd August, 2014 and whose term expires at this Annual General Meeting of the Company. Sections 149, 152 read with



Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and amended Clause 49 of the Listing Agreement by the Securities and Exchange Board of India (SEBI) have inter alia stipulated the conditions for the appointment of Independent Directors by a listed company.

Therefore, It is proposed to appoint Mr. Munish Chandra Gupta, Mr. Sanjit Paul Singh, Mr. Surinder Kumar Bansal and Mrs. Geeta Mathur as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for three (3) consecutive years for a term up to the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company. All these Directors are not disqualified from being appointed as Independent Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has also received declarations from all these Directors that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In this regard requisite notice in writing from the members has been received, proposing appointment of Mr. Munish Chandra Gupta, Mr. Sanjit Paul Singh, Mr. Surinder Kumar Bansal and Mrs. Geeta Mathur, as candidates for the office of Independent Director of the Company.

In the opinion of the Board, all these Directors fulfill the conditions for appointment as Independent Directors as specified in the Act, Rules made thereunder and the Listing Agreement and also they are independent of the management.

Brief profiles alongwith other details of all these Directors are provided in the Notice of 24<sup>th</sup> Annual General Meeting of the Company under Corporate Governance Report forming part of the Annual Report.

Copy of the draft letters for appointment as Independent Directors setting out the terms and conditions would be available for inspection at the Registered Office of the Company without any fee to the members during normal business hours on any working days.

The Board commends the Ordinary Resolutions set out at Item Nos. 4 to 7 of the Notice for approval by the shareholders.

#### **MEMORANDUM OF INTEREST:**

Other than the appointee himself/herself, none of the other Directors, key managerial personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the proposed Resolutions as set out in item numbers 4 to 7 of this Notice.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

#### **Item No. 8:**

The existing Articles of Association (“AOA”) of the Company are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific Sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs (“MCA”) had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the substantive Sections of the Act which deal with the general working of Companies. With the coming into force of the Act, several regulations of the existing AOA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AOA by a new set of Articles.

The new AOA to be substituted in place of the existing AOA are based on Table ‘F’ of the Act which sets out the model Articles of Association for a Company limited by shares. The proposed new draft AOA is being uploaded on the Company's website for perusal by the shareholders.

Accordingly, the Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

#### **MEMORANDUM OF INTEREST:**

None of the Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 8 of the Notice.

#### **Item No. 9:**

Your Board of Directors vide Board Resolution dated 2nd February, 2013 had re-appointed Mr. B.K. Choudhary as the Managing Director of the Company, with effect from 1<sup>st</sup> April, 2013 for next three years on the terms and conditions approved by the shareholders in their Annual General Meeting held on 31<sup>st</sup> August, 2013.

The Board of Directors has considered and approved the amendment in the terms and conditions relating to the remuneration of Managing Director with effect from 1<sup>st</sup> June, 2014 subject to the approval of the members of the Company. The amended terms and conditions of the remuneration being paid to him are detailed in the resolution.

Accordingly, your approval is solicited by way of Ordinary Resolution for the said purpose.

#### **MEMORANDUM OF INTEREST:**

Except Mr. B.K. Choudhary, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 9.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No. 10:**

Pursuant to Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, approval of the members is required by way of Special Resolution for entering into any contract or arrangement with related party if such transactions are not entered in ordinary course of business and/or are not at Arm's length.

Clause 49(VII) of the Listed Agreement amended vide SEBI Circular no. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 provides

the Company requires shareholders' approval through special resolution for all material related party transactions. Transactions to be considered material if transactions during the year taken together exceeds 5% of annual turnover Or 20% of the net worth of the Company, whichever is higher. The materiality nature of related party transactions being entered by the Company mandates it to seek member's approval for such transactions.

Accordingly, your approval is solicited on the transactions provided as per details below:-

Sr. No.	Name of the Related Party	Relationship with the Company	Particulars of Contract or Arrangements	Brief terms of Contracts or Arrangements	Whether on Arm's Length
1.	Vardhman Textiles Limited	Holding Company	<ul style="list-style-type: none"> <li>• Sale of acrylic fiber (Traded/ Manufactured)</li> <li>• Purchase/sale of DEPB licenses</li> <li>• Purchase/sale of fixed assets</li> <li>• Rent Paid</li> </ul>	At Market Related Prices	Yes
			<ul style="list-style-type: none"> <li>• Inter-corporate deposits given/ taken</li> <li>• Interest received/ paid</li> </ul>	At Market Determined Rates	Yes
			<ul style="list-style-type: none"> <li>• Payment towards sharing of corporate services</li> <li>• Reimbursement of expenses (paid/ received)</li> </ul>	At Cost	Yes

The Board recommends the Special Resolution set out at Item No. 10 for approval by the shareholders.

**MEMORANDUM OF INTEREST:**

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 10 of the Notice.

**BY ORDER OF THE BOARD**

**PLACE: Gurgaon**  
**DATE: 2nd August, 2014**

**(Ruchita Vij)**  
**COMPANY SECRETARY**

## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their Twenty-Fourth Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2014.

### 1. FINANCIAL RESULTS:

The Financial results for the year are as under:-

Particulars	₹ in Lacs	
	2013-14	2012-13
Revenue from Operations (Gross)	50,957.64	47,369.65
Profit before Depreciation, Interest & Tax (PBDIT)	7,112.77	5,012.26
Interest & Financial Charges	52.57	88.38
Profit before depreciation & Tax (PBDT)	7,060.20	4,923.88
Depreciation	1,136.76	1,128.93
Profit before Tax	5,923.44	3,794.95
Provision for Tax		
– Current Tax	1,878.80	1,530.00
– Deferred Tax	(322.18)	(175.62)
– IT adjustment for earlier year	–	0.25
Profit after Tax	4,366.82	2,440.32
Prior period adjustments (Net)	(0.15)	0.07
Net Profit	4,366.97	2,440.39
Earnings per share (in ₹)	4.69	2.38

### 2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with Stock Exchange in India, is presented as under.

#### a) ACRYLIC FIBRE INDUSTRY - GLOBAL AND INDIAN PERSPECTIVE:

In the year 2013, global Acrylic Fibre (AF) consumption seems to have shown a marginal growth of less than 1% over the consumption in the previous year as against expectations of a moderate growth. Estimates of all manmade fibers' consumption growth are over 9% and those of all fibers' are around 4% globally in the same year. The Chinese AF consumption seems to have increased marginally by about 2% in 2013 over 2012. Infact, Chinese AF consumption has stagnated and has been fluctuating in a narrow range over the last four years. Globally, AF consumption has not shown any growth and is reported to have declined marginally in last five years. As against this consumption drop globally and stagnancy in China, Indian AF consumption seems to have crossed one Lac MT mark in 2013 showing a growth of over 9% over 2012. This growth in AF consumption in

India in 2013 is higher than that of estimated growth for all manmade fibers (+3.7%) and all fibers (+7.0%) during the same period. The faster growth in Indian AF consumption as compared to growth in other fibers in India as well as globally during uncertain economic and geo-political situations is both positive and encouraging.

International AF prices especially in Far East Asia, the largest AF consuming region in world, were stable during 2013 despite cyclical movement of Acrylonitrile (ACN, the main raw material for Acrylic Fiber) prices. However, in India, AF prices moved in tandem with ACN prices though price of other competing synthetic fibers in India did not exhibit so much volatility.

Globally, the AF capacity utilization was estimated to be around 86%, Chinese capacity utilization was estimated to be less than 80% with Indian capacity utilization at above 90%.

The principal raw material of the Company Acrylonitrile (ACN) followed crude oil prices, which have been volatile. ACN Rates at beginning of the year were lowest and ended the year almost 12% higher in US Dollar (USD) terms amidst volatility throughout the year. However, due to steep devaluation of INR, increase in raw material cost was much higher in Indian rupee terms. Further, fluctuation in USD/INR exchange rate created many anxious moments as well as caused difficulty in industry. Additional ACN capacity of more than 3.5 Lac MT was added in Asia in 2013 which helped feed about 4% increase in global consumption of ACN, which was shared by applications other than AF. Global AF consumption could have been higher but for the reasons of slowing Chinese economy, geo-political factors in some of the regions, feeble recovery in Eurozone and US.

The year under discussion was full of challenges for AF industry both globally as also in India. Global industry faced a declining demand and Indian industry had to face steep depreciation and volatility in INR. Indian AF producers faced additional challenge of AF imports at low prices. Indian industry was able to achieve higher exports thereby leading to improved capacity utilization.

#### b) FINANCIAL ANALYSIS & REVIEW OF OPERATIONS:

##### • PRODUCTION & SALES REVIEW:

The total production during the year under consideration was 20,428 MT as against 20,404 MT in the previous year. Your Company has achieved a turnover of ₹ 50,957.64 Lacs against a turnover of ₹ 47,369.65 Lacs in the previous year, an increase of over 7.57%. After providing for depreciation of ₹ 1,136.76 lacs (previous year ₹ 1,128.93 lacs) and provision for current tax (including wealth tax) of ₹ 1,878.80 lacs (previous year ₹ 1,530.00 lacs), deferred tax of ₹ (322.18) lacs (previous year ₹ (175.62) lacs), Profit after tax of the Company is ₹ 4366.82 lacs as against a profit after tax of ₹ 2,440.32 lacs in the previous year which is a healthy increase of over 78.94%.

• **RESOURCE UTILIZATION:**

i) **Fixed Assets:**

The gross fixed assets (including work-in-progress) as at 31<sup>st</sup> March, 2014 were ₹ 24,301.96 lacs as compared to ₹ 23,959.09 lacs in the previous year.

ii) **Current Assets:**

The current assets as on 31<sup>st</sup> March, 2014 were ₹ 22,979.89 lacs as against ₹ 22,583.48 lacs in the previous year. Inventory level was at ₹ 7,703.09 lacs as against ₹ 6,621.15 lacs in the previous year.

• **FINANCIAL CONDITIONS & LIQUIDITY:**

**Liquidity & Capital Resources:**

	(₹ in Lacs)	
PARTICULARS	2013-14	2012-13
<b>Cash &amp; cash equivalents:</b>		
Beginning of the year	1,209.08	534.16
End of the year	582.31	1,209.08
<b>Net cash provided/(used) by:</b>		
Operating Activities	4,266.15	2,372.79
Investing Activities	(4,393.44)	285.20
Financial Activities	(499.47)	(1,983.07)

c) **BUSINESS OUTLOOK:**

The forecasts on Indian economic growth vary from 5.0% to 6.0% in the year 2014-15. Current account and fiscal deficits continue to pose challenges. Consumer Price Inflation, though under little check for about a year, is still at uncomfortable levels. This has prompted RBI to follow tight monetary policy. Exchange rate fluctuations and devaluation are another concern of industry especially due to large dependence on import of ACN.

Globally, US economy is forecast to grow 2.8% in 2014 (1.9% in 2013), Eurozone is expected to grow 1.0% (-0.4% in 2013) and China at 7.5% (7.7% in 2013). Improvement in global economic situation especially in Eurozone can be a pull on AF demand which has been absent during past few years.

About 6 Lac MT p.a. additional capacities of ACN are likely to be commissioned in China in second half of 2014. This will be approx. 11% of ACN consumption in 2013. Another about 4 Lac MT is reported to go on-stream in 2015 and 7 Lac MT in 2016. There is a possibility that some of this capacity expansion may be rescheduled to later years or even dropped. Yet, a substantial increase in ACN capacity can be expected.

Demand of ACN is not expected to grow at this pace. This is likely to keep ACN prices stable at lower numbers in next few years. Although some capacity rationalization in Japan and some other locations is not ruled out, yet supply will outpace demand. Some of the new capacities planned in 2016 are based on

low cost propylene (raw material for ACN) technologies that are likely to support ACN and AF consumption.

Based on overall assessment of domestic industry, stocks in AF channel and economic growth forecasts, AF demand in 2014-15 in India is expected to be slightly higher than in 2013-14. Price differential with respect to competing fibers could be a challenge for domestic Industry. Less than normal monsoon in India, as is being forecast, can adversely affect AF demand especially from rural and semi-urban areas. Stable and affordable prices of ACN, as are expected, are likely to help growth of AF industry and its downstream which is likely to support operations of AF producers in India. At the same time, there is an urgent need to stop AF imports at unreasonable and unjustified prices from few countries that are taking away a large share of growth in Indian market and also stifling fresh investment in Indian AF industry.

d) **INTERNAL CONTROL SYSTEM:**

Your Company has a well-designed Internal Audit programme to review all systems, processes and controls of the Company to bring in the best industry practices, compliance with internal systems & procedures and statutory compliances. Senior management of your Company places emphasis on taking timely action on the findings and recommendations of internal audit and systems are strengthened appropriately.

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

Despite lower economic growth in 2013-14, AF demand in India has shown growth. Whether or not this growth will sustain is difficult to forecast. Continued slowdown in Indian economic growth, slow pace of new jobs creation, high inflation and possible high fiscal deficits are the risks associated with future growth of AF industry in India. Monsoon, as discussed earlier, is another important demand driver for AF in India and any substantial deficit can adversely affect Indian AF demand. Indian AF industry is dependent upon overseas sources for supply of major raw materials in addition to ACN. Another steep devaluation of INR can substantially raise costs to Indian customer that can be detrimental to demand and thus growth of AF industry. Additionally, unreasonably low priced imports of AF will continue to pose serious problems to the domestic AF Industry.

Global political and economic factors are affecting global economy in more than one way. Demand pick-up remains shaky and still uncertain in advanced economies of US and Europe. Withdrawal of stimulus in US and course correction in Chinese economic policies are affecting the economic sentiments globally. Prices of commodities such as cotton, metals and especially crude oil have become volatile and uncertain. Industry players are adopting a cautious approach as a response to this situation. Main raw materials of AF are petrochemical derivatives and are susceptible to fluctuations in crude oil prices. Few large producers influence global ACN

supply and any temporary adjustments of operations by one or some of them can affect the supply demand balance and thus prices. Low prices of competing fibers such as polyester can eat into AF demand, as has already been seen in past.

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

This area receives continuous focus of management of your Company. Investment in human resources starts with careful selection of team members. The training and skill development of all team members to enhance their knowledge and competencies is an ongoing planned effort. Your Company has always endeavoured to promote and maintain a positive work environment that encourages innovation, trust and harmony. Safety of personnel and installations receives top attention of the management. The industrial relations remained harmonious and cordial during the year.

The Company employed 297 persons during the year.

**3. BUY-BACK OF EQUITY SHARES:**

The Company commenced the Buy-Back of its Equity Shares under Open Market mechanism with effect from May 29, 2012 and was completed on May 08, 2013. Pursuant to said offer, the Total number of Equity Shares bought back under the Buy Back is 1,55,24,672. The Company bought back 970,531 Equity shares (previous year 14,554,141) of ₹ 10/- each and extinguished 1,618,512 (previous year 13,906,160) equity shares during the year ended 31<sup>st</sup> March, 2014. Consequent to such extinguishment of shares, paid up share capital of the Company as on March 31, 2014 stood at ₹ 9,300.78 lacs.

**4. DIRECTORS:**

Mr. S.P. Oswal, Director of your Company, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

**5. 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.

**6. 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.

**7. 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 for a term of three years starting from conclusion of 24th Annual General Meeting till the Conclusion of 27th Annual General Meeting in 2018-19.

**8. STATUTORY AUDITORS' REPORT:**

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

**9. COST AUDITOR'S REPORT:**

The Cost Auditor's Report for the Financial Year 2013-14 will be forwarded to the Central Government as required by the law.

**10. PERSONNEL:**

None of the employees has received salary of ₹ 60.00 lac per annum or ₹ 5.00 lac per month or more during the Financial Year 2013-2014. 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 matter 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  
Date: 19th May, 2014**

**(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 31<sup>ST</sup> MARCH, 2014

## 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	2013-14	2012-13
<b>1. Electricity:</b>			
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			
Unit per Litre of Diesel Oil	(KWH)	3.42	3.50
Cost / Unit	(₹/KWH)	15.90	12.79
ii) Through Turbines			
Unit per Kg. Of coal/Lignite	(KWH/Kg)	1.12	1.17
Total Cost	(₹ In Lacs)	796.39	728.58
Cost/Unit	(₹/KWH)	3.07	2.84

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

Quantity	(MT)	38,026	37,347
Total Cost	(₹ in Lacs)	1,361.92	1,240.55
Average Rate	(₹ per MT)	3,582	3,322

## 3. Furnace Oil (used in Boiler for generation of Steam)

Quantity	(K. Ltrs.)	74.55	297.35
Total Cost	(₹ in Lacs)	28.16	108.95
Average Rate	(₹ per Ltrs.)	37.78	36.64

## B) CONSUMPTION PER UNIT OF PRODUCTION:

## Acrylic Fibre/Acrylic Tow

Electricity	(KWH/Kg)	1.29	1.33
Coal (used in Boiler for generation of Steam)	(MT/MT)	1.86	1.83
Furnace Oil (used in Boiler for generation of Steam)	(K. Ltrs./MT)	0.004	0.015

## II. TECHNOLOGY ABSORPTION:

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

## FORM-B:

## A) RESEARCH AND DEVELOPMENT (R&amp;D)

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

- Trials for increased productivity.
- Fiber colour process stage wise.
- Ageing effect on fiber properties.
- Pilot scale trial for water recycling.
- Project on Yarn CSP improvement.

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

- Productivity increase.
- Finished product color variations reduction.

## (iii) Future plan of action:

- Use of recycled water in process instead of DM water
- Reduction in effluent generation and disposal.

## (iv) Expenditure on R&amp;D:

	(₹ in lacs)	
	2013-14	2012-13
Non- Recurring	-	-
Percentage of turnover	-	-

## B) TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION:

## (i) Efforts made towards technology absorption, adoption and innovation

- Study of impurities removal system

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

- Impurities load in solvent reduced.
- Solvent & Dope quality improved.
- Filter press life increased.

## (iii) In case of imported technology imported during the last 5 years:

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 EARNING AND OUTGO:

	(₹ in lacs)	
	2013-14	2012-13
Foreign Exchange earned (FOB)	NIL	NIL
Foreign Exchange used (on accrual basis)	32,016.42	29,752.44

## 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. The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. Further the Company has also implemented several best Corporate Governance Practices as prevalent globally.

### 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 2013-2014, the Board met Four (4) times on 28.05.2013, 22.07.2013, 05.11.2013 and 22.01.2014.

The composition of Board of Directors and Directors attendance at the Board meeting and at last Annual General Meeting of the Company, as also the number of Directorship/Chairmanships held by them in other Public Limited Companies, during the Financial Year 2013-14 are given as follows:-

Name of Director	Designation & Category	No. of Board Meetings attended	Attendance at Last AGM	Directorship 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	1	5	-
Mr. B.K. Choudhary	Managing Director, Non Independent	4	No	2	-	-	-
Mr. Sachit Jain	Non-Executive Director, Non Independent	1	Yes	13	3	1	3
Mr. D.L. Sharma	Non-Executive Director, Non Independent	2	No	6	5	1	-
Mr. S.P. Singh	Non-Executive Director, Independent	4	No	-	-	-	-
Mr. M.C. Gupta	Non-Executive Director, Independent	4	No	2	1	-	1
Mr. S.K. Bansal	Non-Executive Director, Independent	2	No	1	1	-	-
Mr. 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 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 2013-14, the Audit Committee met Four (4) times on 28.05.2013, 22.07.2013, 05.11.2013 and 22.01.2014.

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 2013-14, Managing Director drew a Salary of ₹ 43.77 lacs (Salary of ₹ 26.88 lacs, Commission ₹ 12.15 lacs, Contribution to Provident and Other funds ₹ 1.94 lacs and other including Perquisites ₹ 2.80 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 2013-14 is given below:-

S. No.	Name of The Director	Sitting fee (₹)
1	Mr. S.P. Singh	64,000
2	Mr. M.C. Gupta	64,000
3	Mr. A.K. Bakhshi	52,000
4	Mr. S.K. Bansal	32,000

#### (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 22.01.2014 and the same was attended by all the members of the Committee.

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

During the Financial Year 2013-14, the Company has not received any complaint.

**6. GENERAL BODY MEETINGS :**

a. The details of last three Annual General Meetings and passing of Special resolution, are given as follows:-

Financial Year (ended)	Day, date & time of the meeting	Venue	No. of Special Resolutions
31 <sup>st</sup> March, 2013 23 <sup>rd</sup> AGM	Saturday, 31 <sup>st</sup> August 2013 at 10.00 a.m.	Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana-141 010	1
31 <sup>st</sup> March, 2012 22 <sup>nd</sup> AGM	Saturday, 1 <sup>st</sup> September 2012 at 3.00 p.m.	-do-	-
31 <sup>st</sup> March, 2011 21 <sup>st</sup> AGM	Saturday, 23 <sup>rd</sup> July 2011 at 3.00 p.m.	-do-	1

b. Postal Ballot related Information:

The Company has passed One (1) Special resolution on 25<sup>th</sup> July 2013, through Postal Ballot, during the Financial Year 2013-2014, which was related to increase in the limit of Investments/Inter-corporate loans u/s 372A read with section 192A & rules framed, of the Companies Act, 1956.

**7. DISCLOSURES:**

There was no material/significant transaction with the Directors or the management, their subsidiaries or relatives, etc. that have 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](http://www.vardhman.com).

**9. GENERAL SHAREHOLDERS INFORMATION:****i) 24<sup>th</sup> Annual General Meeting:**

Date	: 25 <sup>th</sup> September, 2014
Time	: 10.00 A.M.
Venue	: Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana-141 010

**ii) Financial Calendar 2013-2014 (Tentative):**

First Quarter Results	: July, 2014
Second Quarter Results	: October, 2014
Third Quarter Results	: January, 2015
Annual Results	: May, 2015

**iii) Dates of Book Closure:** : 27<sup>th</sup> August, 2014 to 25<sup>th</sup> September, 2014  
(Both days inclusive)

**iv) Dividend payment date** : The Board has not recommend any dividend for the Financial Year 2013-14.

**v) Listing** : The Shares of the Company are listed on the following two Stock Exchanges:-  
1. National Stock Exchange of India Ltd., Mumbai (NSE).  
"Exchange Plaza", Bandra-Kurla Complex, Bandra (East),  
Mumbai-400 051

2. The Ludhiana Stock Exchange Ltd., Ludhiana (LSE) Feroze Gandhi Market, Ferozepur Road, Ludhiana-141 001

The Company has duly paid the listing fee to all the aforesaid Stock Exchanges for the Financial Year 2014-15.

**vi) Stock Code**

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

**vii) Stock Market Data**

The month-wise highest, lowest and closing stock prices on the National Stock Exchange during the Financial Year 2013-14 are given below :-

Financial Year 2013-14	Share Prices of the Company			
	Highest (₹)	Lowest (₹)	Closing (₹)	% age Change over last month's closing
Apr-13	12.75	11.65	12.50	-
May-13	12.60	10.10	11.70	(14.40)
Jun-13	12.35	10.50	11.50	7.47
Jul-13	14.30	11.35	11.65	1.30
Aug-13	12.75	9.55	12.15	4.29
Sep-13	12.80	11.65	12.35	1.65
Oct-13	13.55	12.05	13.00	5.26
Nov-13	18.20	12.30	15.65	20.38
Dec-13	16.50	12.40	15.50	(0.96)
Jan-14	17.45	14.55	15.25	(1.61)
Feb-14	16.30	14.25	15.15	(0.66)
Mar-14	16.50	14.40	15.90	4.95

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

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

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 with M/s. MCS Share Transfer Agent Limited at its address given below :-

M/S MCS SHARE TRANSFER AGENT LIMITED  
 12/1/5, Manoharpukur Road,  
 Ground Floor, Kolkata-700026  
 Phone: 033-40724051/55  
 Fax: 033-40724050  
 E-mail: [uday\\_mcs@yahoo.in](mailto:uday_mcs@yahoo.in)

**ix) Share Transfer System:**

M/s. MCS Share Transfer Agent 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 31<sup>st</sup> March, 2014:**

Range of Number of Shares	SHAREHOLDERS		SHARES	
	Number	Percent	Number	Percent
1 – 500	1850827	1.99	6566	55.69
501 – 1000	2324713	2.50	2480	21.03
1001 – 2000	1972025	2.12	1128	9.57
2001 – 3000	1172705	1.26	431	3.66
3001 – 4000	630826	0.68	170	1.44
4001 – 5000	1560132	1.68	319	2.71
5001 – 10000	2716802	2.92	336	2.85
10001 – 50000	6458185	6.94	303	2.57
50001 – 100000	2200428	2.37	32	0.27
And Above	72121193	77.54	25	0.21
<b>TOTAL</b>	<b>93007836</b>	<b>100.00</b>	<b>11790</b>	<b>100.00</b>

**(xi) Dematerialisation of shares:**

As on 31<sup>st</sup> March, 2014, 99.98 % of the capital comprising 92,985,816 Equity shares was 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, MEGA ESTATE,  
Jhagadia-393 110,  
Distt. Bharuch, Gujarat.

**xiv) Address for correspondence:**

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

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

## DECLARATION UNDER CLAUSE 49

All the Board Members and Senior Management have affirmed compliance to the Code of Conduct for the Financial Year 2013-14.

Place: Gurgaon  
Dated: 19th May, 2014

(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, 2014 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 : 19th May, 2014**

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

## INDEPENDENT AUDITORS' REPORT

To  
The Members,  
Vardhman Acrylics Limited

### Report On the Financial Statements

We have audited the accompanying Financial Statements of Vardhman Acrylics Limited ("the Company") which comprises the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and Notes to the Financial Statements comprising of a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

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:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- ii) In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order;

2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
  - e. On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Kamal Kishore  
Partner

Place: New Delhi  
Date: 19th May, 2014

Membership No. 078017

### ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As part of this programme, the management has physically verified certain fixed assets during the year. Discrepancies noticed on such verification as compared to book records, which were not material, have been properly adjusted in the books of account.
  - (c) 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.
2. (a) 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, stocks in the possession and custody of third parties and stock in transit as at 31<sup>st</sup> March, 2014 has been verified by the management with reference to confirmation and statement of account or correspondence with the third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.
  - (b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion, the Company is maintaining proper records of inventory. 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.

3. (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) Since there are no such loans, comments regarding terms and conditions, repayment of the principal amount, interest due thereon and overdue amounts are not required.
- (c) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (d) Since there are no such loans, comments regarding terms and conditions, repayment of the principal amount, interest due thereon and overdue amounts are not required.
4. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. 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 major weaknesses in the aforesaid internal control systems.
5. (a) 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.
- (b) 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.
6. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost accounting records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.
9. (a) In our opinion and according to the information and explanations given to us and according to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other material statutory dues, wherever applicable, have been regularly deposited with the appropriate authorities during the year and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31<sup>st</sup> March, 2014.
- (b) 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, Custom duty, Wealth tax, Service tax, Excise duty and Cess which have not been deposited on account of any dispute, *except the following in respect of disputed Excise duty, Sales tax:*

Nature of Statute	Nature of Due	Amount (Rs. In Lacs)	Forum where Dispute is Pending	Period
The Central Excise and Salt Act, 1944	Cenvat Credit	1.16	CESTAT, Ahmedabad	2006-10
The Gujarat Vat Tax Act, 2003	Interest on sales Tax demand	27.74	Joint Commissioner of Commercial Tax Appeals 2 Vadodara	2007-08
The Gujarat Vat Tax Act, 2003	VAT & CST	112.54	Joint Commissioner of Commercial Tax Appeals 2 Vadodara	2008-09
The Gujarat Vat Tax Act, 2003	VAT & CST	267.93	Joint Commissioner of Commercial Tax Appeals 2 Vadodara (Company is in process to file the appeal)	2009-10
Income Tax Act, 1961	Income Tax	22.56	CIT (Appeals)	AY 2011-12
Income Tax Act, 1961	Income Tax	184	CIT (Appeals)	AY 2006-07

10. The Company does not have accumulated losses as at the end of the financial year. There are no cash losses during the financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit fund/Nidhi/ Mutual Benefit fund/Society and hence the related reporting requirements of the Order are not applicable.
14. 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.
15. According to the information and explanation given to us, the Company has given a counter guarantee of Rs. 232.90 lacs in favor of Gujarat Industrial Development Corporation (GIDC) in relation to the corporate guarantee provided by GIDC for availment of term loans by Bharuch Eco-AqualInfrastructure Limited, the terms and conditions whereof are not, prima facie, prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, there is no term loan taken by the Company during the year.
17. According to the information and explanations given to us and as per the books and records examined by us, on an overall examination of the balance sheet of the Company, the funds raised by the Company on short-term basis have not been applied for long-term investment.
18. 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.
19. According to the information and explanations given to us and on the basis of records examined by us, the Company has not issued any debentures.
20. The Company has not raised any money by way of public issue during the year.
21. 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 and reported during the year, nor have we been informed of such case by the management.

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

Place: New Delhi  
Date: 19th May, 2014

**Kamal Kishore**  
Partner  
Membership No. 078017

**BALANCE SHEET as at 31<sup>st</sup> March, 2014**

(₹ in Lac)

Particulars	Note no.	As at 31.03.2014	As at 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	2	9,300.78	9,462.63
b) Reserves and Surplus	3	20,807.23	16,481.34
		<u>30,108.01</u>	<u>25,943.97</u>
<b>2. Non-current liabilities</b>			
a) Long-term borrowings	4	—	—
b) Deferred tax liabilities (net)		1,520.87	1,843.04
c) Other long term liabilities		8.73	4.76
d) Long-term provisions		105.24	114.03
		<u>1,634.84</u>	<u>1,961.83</u>
<b>3. Current liabilities</b>			
a) Short-term borrowings	5	159.79	435.34
b) Trade payables		4,471.54	2,851.14
c) Other current liabilities		1,062.51	389.58
d) Short-term provisions		1,045.84	297.97
		<u>6,739.68</u>	<u>3,974.03</u>
		<u>38,482.53</u>	<u>31,879.83</u>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
a) Fixed assets			
i) Tangible assets		7,487.39	8,572.15
ii) Intangible assets		—	—
iii) Capital work-in-progress		293.68	2.80
		<u>7,781.07</u>	<u>8,574.95</u>
b) Non-current investments		7,675.78	675.78
c) Long-term loans and advances		45.56	45.39
d) Other non-current assets		0.23	0.23
		<u>15,502.64</u>	<u>9,296.35</u>
<b>2. Current assets</b>			
a) Current investments	7	11,736.48	12,811.49
b) Inventories		7,703.09	6,621.15
c) Trade receivables		1,027.95	192.77
d) Cash and cash equivalents		582.31	1,209.08
e) Short-term loans and advances		452.20	537.62
f) Other current assets		1,477.86	1,211.37
		<u>22,979.89</u>	<u>22,583.48</u>
		<u>38,482.53</u>	<u>31,879.83</u>

See accompanying notes forming part of the financial statements 1 to 16

As per our report of even date  
For S.S. Kothari Mehta & Co.,  
Chartered Accountants  
Firm Registration No.: 000756N

For and on behalf of Board

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 : New Delhi  
Dated: 19th May, 2014

Place : Gurgaon  
Dated : 19th May, 2014



**STATEMENT OF PROFIT AND LOSS for the year ended 31<sup>st</sup> March, 2014**

(₹ in Lac)

Particulars	Note no.	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
i Revenue from operations (gross)	8	50,957.64	47,369.65
Less: Excise duty		4,108.66	3,720.24
Revenue from operations (net)		46,848.98	43,649.41
ii Other income	9	2,063.31	809.36
iii <b>Total Revenue (i + ii)</b>		<b>48,912.29</b>	<b>44,458.77</b>
iv Expenses :			
Cost of material consumed	10	22,641.20	20,529.33
Purchase of Stock-in-Trade	11	13,123.29	13,174.74
Changes in inventories of Finished goods, Work-in-Progress and Stock-in-Trade	12	185.68	(266.41)
Employee benefit expenses	13	973.19	874.77
Finance costs	14	52.57	88.38
Depreciation and amortization		1,136.76	1,128.93
Other expenses	15	4,876.16	5,134.08
<b>Total Expenses</b>		<b>42,988.85</b>	<b>40,663.82</b>
v Profit before exceptional and extraordinary items and tax		5,923.44	3,794.95
vi Less : Exceptional items		—	—
vii Profit before extraordinary items and tax		5,923.44	3,794.95
viii Less : Extraordinary items		—	—
ix Profit before tax		5,923.44	3,794.95
x Less: Tax expense :			
– Current Tax		1,878.80	1,530.00
– Deferred tax		(322.18)	(175.62)
– Income tax adjustment for earlier years		—	0.25
xi Profit for the period after tax		4,366.82	2,440.32
Less : Prior Period Adjustments (Net)		(0.15)	(0.07)
Net Profit/(Loss)		4,366.97	2,440.39
<b>Earning Per Share</b> (Nominal value of equity share ₹ 10/-)			
– Basic		4.69	2.38
– Diluted		4.69	2.38

See accompanying notes forming part of the financial statements 1 to 16

As per our report of even date  
For S.S. Kothari Mehta & Co.,  
Chartered Accountants  
Firm Registration No.: 000756N

For and on behalf of Board

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 : New Delhi  
Dated: 19th May, 2014

Place : Gurgaon  
Dated : 19th May, 2014



Vardhman

**CASH FLOW STATEMENT for the year ended 31st March, 2014**

Particulars	(₹ in Lac)	
	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	5,923.59	3,795.02
Adjustments for :		
Depreciation and Amortization	1,136.76	1,128.93
Interest paid	20.98	26.88
Interest received	(775.25)	(708.72)
(Profit)/Loss on sale of investment (net)	(873.97)	19.76
Dividend on long term investments	(355.37)	(19.32)
(Profit)/Loss on sale of assets (net)	-	3.51
Provision for diminution in value of investments	44.88	-
Bad debts written off / Excess Income Written off / Written off Dead items	1.45	4.33
Liabilities / Provisions no longer required written back	(3.33)	(6.27)
Operating Profit before Working Capital changes	5,119.74	4,244.12
Adjustments for :		
Decrease/(Increase) in trade & other receivables	(932.59)	(401.02)
Decrease/(Increase) in Inventories	(1,081.93)	(886.36)
(Decrease)/Increase in sundry creditors/current liabilities	2,291.85	1,011.58
Cash generation from operations	5,397.07	3,968.32
Direct Taxes Paid	(1,130.92)	(1,595.53)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>4,266.15</b>	<b>2,372.79</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(342.87)	(92.91)
Sale of fixed assets	-	6.56
Decrease/(Increase) in Inter Corporate Deposits	-	4,267.61
Interest received	689.96	717.43
Dividend received	355.37	19.32
Sale of Investments in Mutual Funds/Liquid Funds/Debt Funds	12,577.37	480.24
Purchase of Investments in Mutual Funds/Liquid Funds/Debt Funds	(17,673.27)	(5,113.05)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(4,393.44)</b>	<b>285.20</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Buy back of share capital	(202.94)	(1,577.70)
Proceeds/(Repayment) from short-term borrowings	(275.55)	(378.49)
Interest paid	(20.98)	(26.88)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(499.47)</b>	<b>(1,983.07)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(626.77)</b>	<b>674.92</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,209.08	534.16
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	582.31	1,209.08

\* Excluding ₹ 0.23 lacs (previous year ₹ 0.23 lacs) included in other non-current assets

See accompanying notes forming part of the financial statements

1 to 16

As per our report of even date  
For S.S. Kothari Mehta & Co.,  
Chartered Accountants  
Firm Registration No.: 000756N

For and on behalf of Board

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 : New Delhi  
Dated : 19th May, 2014

Place : Gurgaon  
Dated : 19th May, 2014

**NOTE NO. 1 SIGNIFICANT ACCOUNTING POLICIES:****1.1) 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).

**1.2) 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 of 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 materialise.

**1.3) 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 method, based on implicit in the transaction.

**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.

**1.4) Employee Benefits:****a) Short Term Employee Benefit:**

Short Term Employee benefits are recognized as an expense on an undiscounted basis in the Statement of Profit & Loss 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;**

**1.5) 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.

**1.6) 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 ₹ 5,000/- or below are depreciated over a period of one year from the date of acquisition.
- (iii) Leasehold land is amortised 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.

**1.7) 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 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.

As at Balance sheet date the investments that are intended to be held for not more than one year are re-classified as current investments in order to comply with the requirements of Revised Schedule-VI.

**1.8) Inventories:**

Inventories of raw materials, stores and spares, trading goods, work-in-process and finished goods are valued at cost or net realisable value, whichever is lower. However, materials and other items held for use in the production of Inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. 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.

**1.9) Cenvat Credit:**

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

**1.10) 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.

**1.11) Subsidy:**

Government grants available to the company are recognised 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.

**1.12) 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.

**1.13) 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.

**1.14) 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 recognised as an expense on systematic basis over the term of lease.

**1.15) Foreign Currency Conversion / Translation:**

- i) 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.
- 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 amortised as an expense or income over the life of the contract.
- iv) 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 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 recognised in the statement of Profit and Loss. The profit, if any arising thereon is ignored.

**1.16) 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.

**1.17) 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.

**1.18) 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.

**1.19) 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 recognised
    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.

**1.20) Cash and cash equivalents:**

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**1.21) 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 2014.**

(₹ in Lac)

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

	As at 31.03.2014	As at 31.03.2013
<b>NOTE 2. - SHARE CAPITAL</b>		
<b>Authorised</b>		
Equity Shares, ₹ 10/- par value 150,000,000 (Previous Year 150,000,000)	15,000.00 <u>15,000.00</u>	15,000.00 <u>15,000.00</u>
<b>Issued, Subscribed and Paid-up</b>		
Equity Shares, ₹ 10/- par value 93,007,836 (Previous Year 94,626,348) equity shares fully paid up Total issued, subscribed and fully paid-up share capital	9,300.78 <u>9,300.78</u>	9,462.63 <u>9,462.63</u>

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the period	94,626,348	9,462.63	108,532,508	10,853.25
Add: Issued during the reporting period	-	-	-	-
Issued/(bought back) during the period	<u>(1,618,512)</u>	<u>(161.85)</u>	<u>(13,906,160)</u>	<u>(1,390.62)</u>
Outstanding at the end of period	<u>93,007,836</u>	<u>9,300.78</u>	<u>94,626,348</u>	<u>9,462.63</u>

**(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. However, no such preferential amounts exist currently. 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 shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

	As at 31.03.2014	As at 31.03.2013
Vardhman Textiles Limited, the holding Company 65,110,623 (63,753,661) Equity Shares of ₹ 10/- each fully paid	6,511.06	6,375.37

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

Names of Shareholders	As at 31.03.2014		As at 31.03.2013	
	No. of shares	% of shareholding	No. of shares	% of Shareholding
Vardhman Textiles Ltd.	65,110,623	70.01	63,753,661	67.37

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 ownerships of shares.

- (e) The Board of Directors of the Company approved the buyback of upto 2 crore fully paid up equity shares of ₹ 10/- each, at a price not exceeding ₹ 12.50/- payable in cash, upto an aggregate amount not exceeding ₹ 25 crore from the open market through Stock Exchange(s). During the year, the Company has bought back and extinguished 16,18,512 Equity Shares (Previous year 1,39,06,160 equity shares) of ₹ 10/- each. Consequently, ₹ 161.85 Lacs (Previous year 1,390.62 lacs) have been transferred to Capital Redemption Reserve as per requirements of section 77AA of Companies Act, 1956.

## Notes to financial statements for the year ended 31st March 2014.

(₹ in Lac)

	As at 31.03.2014	As at 31.03.2013
<b>NOTE 3 - RESERVES AND SURPLUS</b>		
<b>Capital redemption reserve</b>		
Balance as per the last financial statements	1,390.62	–
Add: amount transferred from surplus balance in the statement of profit and loss (refer note-2 (e))	<u>161.85</u>	<u>1,390.62</u>
<b>Closing Balance</b>	1,552.47	1,390.62
<b>General Reserve</b>	1,006.15	1,006.15
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	14,084.57	13,221.88
Less: Premium on buy back of shares	41.08	187.08
Less: Transfer to capital redemption reserve (refer note-2 (e))	161.85	1,390.62
Add : Profit for the period	<u>4,366.97</u>	<u>2,440.39</u>
Net surplus in the statement of profit and loss	18,248.61	14,084.57
Total reserves and surplus	<u>20,807.23</u>	<u>16,481.34</u>
<b>NOTE 4 - NON-CURRENT LIABILITIES</b>		
a) Long-term borrowings :	–	–
b) Deferred tax liabilities (net) (Refer Note no. 16.G)	1,520.87	1,843.04
c) Other long term liabilities :		
– Other liabilities	8.73	4.76
d) Long-term provisions :		
Provision for employee benefits		
– Provision for leave benefits	20.05	25.20
– Provision for gratuity	<u>85.19</u>	<u>88.83</u>
	105.24	114.03
<b>NOTE 5 - CURRENT LIABILITIES</b>		
a) Short-term borrowings :		
Secured :		
Cash credit from banks (secured)*	159.79	435.34
	<u>159.79</u>	<u>435.34</u>
*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. 16.I)	44.13	41.14
– Others	<u>4,427.41</u>	<u>2,810.00</u>
	4,471.54	2,851.14
c) Other current liabilities :		
i) Interest accrued but not due on borrowings	0.04	–
ii) Others		
– Trade deposits and advances	63.51	35.71
– Salaries and benefits	69.63	54.42
– Provision for expenses	802.41	168.75
– Withholding and other tax payables	<u>126.92</u>	<u>130.70</u>
	1,062.51	389.58
d) Short-term provisions :		
Provision for taxation (Net of advance taxes Rs. 7,581.66 Lacs, Previous year Rs. 6,414.37 Lacs)	<u>1,045.84</u>	<u>297.97</u>
	1,045.84	297.97

Notes to financial statements for the year ended 31st March 2014.  
**NOTE 6 - NON-CURRENT ASSETS**  
(a) - FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
		As at 01.04.2013	Additions	Sales/ Adjustments	As at 31.03.2014	As at 01.04.2013	Adjustments	Depreciation for the year	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>Tangible Assets:</b>											
1	Land – Leasehold	1,458.88	-	-	1,458.88	204.42	-	14.97*	219.39	1,239.49	1,254.46
2	Buildings	2,460.54	-	-	2,460.54	943.58	-	68.22	1,011.80	1,448.74	1,516.96
3	Plant & Machinery	19,805.05	26.68	-	19,831.73	14,087.02	-	1,040.38	15,127.40	4,704.33	5,718.03
4	Furniture & Fixtures	61.15	2.65	-	63.80	52.19	-	2.43	54.62	9.18	8.96
5	Vehicles	59.09	21.25	-	80.34	9.25	-	6.25	15.50	64.84	49.84
6	Office Equipment	111.58	1.41	-	112.99	87.68	-	4.51	92.19	20.80	23.90
	<b>Intangible Assets:</b>	-	-	-	-	-	-	-	-	-	-
	Total	23,956.29	51.99	-	24,008.28	15,384.14	0.00	1,136.76	16,520.90	7,487.38	8,572.15
	Previous Year	23,862.18	120.45	(26.34)	23,956.29	14,271.44	(16.23)	1,128.93	15,384.14	8,572.15	9,590.74
	Capital Work-in-Progress									293.68	2.80

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



Notes to financial statements for the year ended 31st March 2014.

	As at 31.03.2014	As at 31.03.2013
(₹ in Lac)		
<b>NOTE 6 - NON-CURRENT ASSETS - INVESTMENTS</b>		
<b>b) Non-current investments</b>		
(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; Debt Funds; Fixed Maturity plans</u>		
(Quoted)		
<u>Investment in Mutual Fund</u>		
1,00,00,000 (Previous Year Nil) Units of ₹ 10/- each of Reliance Fixed Horizon Fund-XXV-Series 16-Growth Plan	1,000.00	–
2,00,00,000 (Previous Year Nil) Units of ₹ 10/- each of Kotak FMP Series 140 Growth	2,000.00	–
2,50,00,000 (Previous Year Nil) Units of ₹ 10/- each of Kotak FMP Series 150 Growth	2,500.00	–
1,50,00,000 (Previous Year Nil) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XVIII-I (400 Days) Direct Growth Plan	1,500.00	–
<u>Investment in Bonds</u>		
50,000 (Previous year 50,000) units of ₹ 1000 each of 8.30% NHAI Tax Free Bonds	511.03	511.03
	<u>7,675.78</u>	<u>675.78</u>
Aggregate book value of quoted investments	7,511.03	511.03
Market value of quoted investments	7,543.48	553.39
Aggregate book value of unquoted investments	164.75	164.75
– Non current investments having maturity period less than 12 months as on date of balance sheet have been shown under the head current investments as per the requirement of Guidance Note on the Revised Schedule VI to the Companies Act, 1956 issued by "The Institute of Chartered Accountants of India".		
<b>c) Long-term loans and advances :</b>		
(unsecured considered good, unless stated otherwise)		
i) Security deposits	42.68	42.68
ii) Other loans and advances		
– Prepaid Expenses	0.57	–
– Loans and advances to employees	2.31	2.71
	<u>45.56</u>	<u>45.39</u>
<b>d) Other non-current assets :</b>		
– Deposits with original maturity for more than twelve months	0.23	0.23
	<u>0.23</u>	<u>0.23</u>

**Notes to financial statements for the year ended 31st March 2014.**

	As at 31.03.2014	As at 31.03.2013
(₹ in Lac)		
<b>NOTE 7 - CURRENT ASSETS</b>		
<b>a) Current Investments (valued at lower of cost and fair value)</b>		
<u>Bonds / Debentures / Debt Funds/ Monthly Income Plans</u>		
(Quoted)		
<u>Investment in Bonds</u>		
10,875 (Previous Year 10,875) 8% Tax-free Secured Redeemable Non-convertible Bonds of ₹ 1,000/- each of Indian Railway Finance Corporation Ltd (IRFCL)	108.75	108.75
7,360 (Previous Year 7,360) 8.25% Zero Coupon Bonds of ₹ 13,578 / -each of Rural Electrification Corporation of India Limited.	999.34	999.34
2,00,000 (Previous Year Nil) Units of ₹ 1,000/- each of 8.66% IIFCL Tax Free Bonds	2,000.00	-
63,330 (Previous Year Nil) Units of ₹ 1,000/- each of 8.66% NTPC Tax Free Bonds	633.30	-
100,000 (Previous year Nil) units of ₹ 1,000/- each of 8.51% HUDCO Tax Free Bonds	1,000.00	-
<u>Investment in Mutual Funds</u>		
Nil (Previous Year 2,50,185) Units of ₹ 1,000.07/- each of Principal Cash Management Fund – Direct Plan Dividend option Daily-Reinvestment.	-	2,502.03
Nil (Previous Year 93,02,729.42) Units of ₹ 16.124/- each of ICICI Prudential Income Opportunities Fund Institutional Growth	-	1,500.00
Nil (Previous Year 45,71,776.90) Units of ₹ 13.124/- each of ICICI Prudential Income Opportunities Fund Institutional Growth	-	600.00
Nil (Previous Year 2,50,00,000) Units of ₹ 10/- each of Birla Sun Life Fixed Term Plan Series – Growth *	-	2,500.00
Nil (Previous Year 1,50,00,000) Units of ₹ 10/- each of HDFC Fixed Maturity Plan 400 days – Growth Series – XXI *	-	1,500.00
Nil (Previous Year 2,00,00,000) – Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months –13 – (Growth) *	-	2,000.00
Nil (Previous Year 1,10,13,700) Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months –12 – Growth *	-	1,101.37
25,000,000 (Previous Year NIL) Units of ₹ 10/- each of Relaince Fixed Horizon Fund – XXIV –Growth Plan	2,500.00	-
3,13,356 (Previous Year NIL) Units of ₹ 1,000/- each of SBI Premier Liquid Fund–Direct Plan– Regular Plan Daily Dividend	3,143.75	-
60,779 (Previous Year Nil) Units of ₹ 1,000/- each of Principal Bank CD Fund–Direct Plan Growth.	1,000.00	-
35,020 (Previous Year NIL) Units of ₹ 1,000/- each of SBI Premier Liquid Fund–Direct Plan– Direct Plan Daily Dividend	351.34	-
	<b>11,736.48</b>	<b>12,811.49</b>
Aggregate book value of quoted investments	<b>11,736.48</b>	12,811.49
Market value of quoted investments	<b>12,135.12</b>	13,801.37
Aggregate book value of unquoted investments	-	-

\* Non current investments having maturity period less than 12 months as on date of balance sheet have been shown under the head current investments as per the requirement of Guidance Note on the Revised Schedule VI to the Companies Act, 1956 issued by "The Institute of Chartered Accountants of India".

Notes to financial statements for the year ended 31st March 2014.

	As at 31.03.2014	As at 31.03.2013
(₹ in Lac)		
<b>b) Inventories (valued at lower of cost and net realizable value)</b>		
– Raw Materials	4,322.88	3,164.63
– Raw Materials in transit	1,062.77	1,458.87
– Finished Goods	818.68	985.78
– Work In Process	232.60	251.18
– Stores and Spares	949.65	760.69
– Stores and Spares in transit	1.60	–
– Trading goods in transit (Fibre)	314.91	–
	<u>7,703.09</u>	<u>6,621.15</u>
<b>c) Trade receivables</b>		
(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	12.68	12.68
ii) Considered Doubtful	4.84	4.84
b) Other Receivables : Considered Good	1,015.27	180.09
	<u>1,032.79</u>	<u>197.61</u>
Less : Provision for doubtful receivables	4.84	4.84
	<u>1,027.95</u>	<u>192.77</u>
<b>d) Cash and cash equivalents :</b>		
Balance with banks :		
– In current accounts	579.03	1,206.68
Cash in hand	3.28	2.40
	<u>582.31</u>	<u>1,209.08</u>
<b>e) Short-term loans and advances :</b>		
(Unsecured, considered good )		
– For supply of goods and rendering of services	426.64	524.97
– Loans and advances to employees	7.03	5.84
– Prepaid expenses	14.45	3.23
– Security Deposits	4.08	3.58
	<u>452.20</u>	<u>537.62</u>
<b>f) Other current assets :</b>		
– Interest Accrued but not due	109.98	24.70
– Balances and Deposits with Government Authorities & Others	1,367.88	1,186.67
	<u>1,477.86</u>	<u>1,211.37</u>

Notes to financial statements for the year ended 31st March 2014.

	(₹ in Lac)	
	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>NOTE 8 – REVENUE FROM OPERATIONS</b>		
Sale of products		
Finished Goods (Fibre & Tow)	37,535.05	33,883.46
Trading Goods (Fibre)	13,207.69	13,472.05
Trading Goods (Acrylonitrile)	189.68	–
Other Operating Revenue	25.22	14.14
	<u>50,957.64</u>	<u>47,369.65</u>
Less : Excise duty	4,108.66	3,720.24
	<u>46,848.98</u>	<u>43,649.41</u>
<b>NOTE 9 – OTHER INCOME</b>		
Interest income		
– on inter company deposits and others	576.56	630.78
– on long term investments	198.69	77.94
Dividend on investments	355.37	19.32
Net Gain on sale of investment		
– on long term investments	840.64	–
– on current investments	33.33	–
Insurance claims received	48.12	47.05
Sundry balances/Liabilities / Provisions no longer required, written back/off (net).	3.33	6.27
Other non operating income	7.27	28.00
	<u>2,063.31</u>	<u>809.36</u>
<b>NOTE 10 – COST OF MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	3,164.63	4,053.05
Add : Purchases	23,799.45	19,640.91
	<u>26,964.08</u>	<u>23,693.96</u>
Less: inventory at the end of the year	4,322.88	3,164.63
Cost of raw material and components consumed	<u>22,641.20</u>	<u>20,529.33</u>
<b>Raw materials consumed (Major Heads)</b>		
Acrylonitrile	20,875.96	18,878.68
Vinyl Acetate Monomer	1,131.85	1,073.36
Others	633.39	577.29
	<u>22,641.20</u>	<u>20,529.33</u>
<b>NOTE 11 - PURCHASES OF STOCK-IN-TRADE</b>		
Acrylic Fibre	12,961.19	13,174.74
Acrylonitrile	162.10	–
	<u>13,123.29</u>	<u>13,174.74</u>
<b>NOTE 12 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK IN TRADE</b>		
Inventories at the beginning of the year		
Work-in-Process	251.18	224.58
Finished Goods	985.78	970.55
	<u>1,236.96</u>	<u>745.97</u>
Less – Inventories at the end of the year		
Work-in-Process	232.60	251.18
Finished Goods	818.68	985.78
	<u>1,051.28</u>	<u>1,236.96</u>
	<u>185.68</u>	<u>(266.41)</u>
Stock Particulars of Finished Goods		
Fibre & Tow	QTY (MT) 485.34	QTY (MT) 673.99
	818.68	985.78

## Notes to financial statements for the year ended 31st March 2014.

	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(₹ in Lac)		
<b>NOTE 13 – EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages and other allowances	900.21	800.16
Contribution to Provident and other Funds	47.15	44.85
Staff welfare expense	22.29	25.19
Recruitment expenses	3.54	4.57
	<u>973.19</u>	<u>874.77</u>
<b>NOTE 14 – FINANCE COSTS</b>		
Interest on		
– Working capital & others	20.98	26.88
Bank & Other charges	31.59	61.50
	<u>52.57</u>	<u>88.38</u>
<b>NOTE 15 – OTHER EXPENSES</b>		
Power and fuel	2,266.41	2,247.69
Water charges	200.33	203.43
Consumption of stores and spares	342.54	382.88
Repair and maintenance		
– Machinery Repairs	439.68	375.68
– Building repairs	59.05	31.59
– Other repairs	3.19	2.56
Rent	6.28	6.24
Rates and Taxes	270.94	205.92
Insurance	28.57	26.67
Payment to auditor (Refer details below)	3.15	3.12
Legal and professional	33.00	60.60
Travelling and conveyance	22.38	35.15
Printing and Stationery	12.31	10.39
Postage, telegram and telephones	9.32	11.28
Bad debts written off / Excess Income Written off / Written off Dead items.	1.45	4.33
Exchange rate fluctuation (Net of Gain ₹ 809.59 Lacs, Previous year ₹ 531.21 Lacs)	367.97	477.94
Provision for diminution in value of investments	44.88	–
Net Loss on sale of investment		
– on long term investments	–	19.50
– on current investments	–	0.26
Net Loss on sale of fixed assets	–	3.51
Increase / (decrease) of excise duty on inventory	(25.20)	28.74
Charity and donation	54.34	50.50
Allocation of common corporate expenses	76.00	73.50
Miscellaneous Expenses	44.98	49.29
Selling expenses and freight and forwarding charges	614.59	823.31
	<u>4,876.16</u>	<u>5,134.08</u>
<b>Payment to auditor</b>		
As auditor:		
– Audit Fee	1.57	1.57
– Tax Audit Fee	0.28	0.28
In other capacity		
– Other services	0.67	0.77
Reimbursement of expenses	0.63	0.50
	<u>3.15</u>	<u>3.12</u>

**Notes to financial statements for the year ended 31st March 2014.**

(₹ in Lac)

**NOTE NO. – 16. NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014.**

	As at 31.03.2014	As at 31.03.2013
A. Contingent Liabilities not provided for:		
a) Letters of Credit Outstanding	4487.28	5593.91
b) Bank Guarantees	302.00	277.36
c) Service Tax, Excise duty and cenvat credit under dispute against which appeals have been filed / are being filed.	51.59	47.68
d) Demand in respect of sales tax/ VAT / purchase tax pending appeal with Appellate Authorities.	406.75	203.55
e) Income Tax demands where the cases are pending at various stages of appeal with the authorities.	293.09	149.00
f) Capital and other commitments		
i) For commitments relating to lease arrangements, please refer note no – 16.E	–	–
ii) Corporate guarantees/undertaking issued on behalf of third parties.	232.90	232.90
iii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	315.94	–

**B. Employee Benefits:**

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

## (a) Changes in the present value of the obligations

Particulars	Leave (Unfunded)		Gratuity (Unfunded)	
	Current year	Previous Year	Current year	Previous Year
Present value of obligation as at beginning of the year	25.20	16.63	88.82	60.62
Interest cost	1.99	1.24	7.91	4.90
Past Service cost	–	–	–	–
Current service cost	9.71	8.28	10.95	12.44
Curtailment cost	–	–	–	–
Settlement cost	–	–	–	–
Benefits Paid	(6.63)	(2.90)	(3.74)	(1.66)
Actuarial (gain)/ loss on Obligations	(10.22)	1.94	(18.75)	12.52
Present value of obligation as at March 31, 2014	20.05	25.20	85.19	88.82

(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)		Gratuity (Unfunded)	
	Current year	Previous Year	Current year	Previous Year
Estimated Present value of obligations as at the end of the year	20.05	25.20	85.19	88.82
Fair value of Plan Assets as at the end of the year	–	–	–	–
Unfunded Net Liability recognized in Balance Sheet	20.05	25.20	85.19	88.82

## (d) Expenses Recognized in Statement of Profit &amp; Loss

Particulars	Leave (Unfunded)		Gratuity (Unfunded)	
	Current year	Previous Year	Current year	Previous Year
Current service cost	9.71	8.28	10.95	12.44
Past Service cost	–	–	–	–
Interest cost	1.99	1.24	7.91	4.90
Expected return on Plan Assets	–	–	–	–
Curtailment cost	–	–	–	–
Settlement cost	–	–	–	–
Net Actuarial (gain)/ loss recognised during the year	(10.22)	1.94	(18.75)	12.52
Total Expense recognised in statement of Profit & Loss	1.48	11.46	0.11	29.86

Notes to financial statements for the year ended 31st March 2014.

(₹ in Lac)

(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)	9.10%	8.20%	9.10%	8.20%
Rate of increase in compensation levels (per annum)	6.50%	6.50%	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)	26.27	25.85	26.27	25.85
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)

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	7.69	6.44	6.08	5.47	5.32	6.11
Liability as at the end of the year	10.60	7.69	6.74	6.08	7.61	5.32
Benefits paid	–	–	(3.38)	(4.06)	(5.32)	(6.11)
Amount debited to Statement of profit & loss	2.91	1.25	4.04	4.67	7.61	5.32

(h) During the year, the company has recognized an expense of ₹44.34 Lac (Previous Year ₹40.39 Lac) in respect of Contribution to Provident Fund and ₹2.81 Lac (Previous Year ₹4.46 Lac) in respect of Contribution to Superannuation Scheme.

C. 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.

**D. Related Party Disclosure:**

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

- I Key Management Personnel : Mr. B. K. Choudhary (Managing Director)
- 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  
(Formerly known as Vardhman Texgarments Limited)

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 issued by Companies (Accounting Standards) Rules 2006 are as under:

**Notes to financial statements for the year ended 31st March 2014.**

(₹ in Lac)

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)	25,543.07	25,959.87	–	–	–	–	25,543.07	25,959.87
2	Purchase of DEPB Licenses	–	1,287.63	–	–	–	–	–	1,287.63
3	Purchase of goods	46.97	5.63	–	–	–	–	46.97	5.63
4	Reimbursement of Common Corporate Expense (Inclu. Ser. Tax)	85.39	82.58	–	–	–	–	85.39	82.58
5	Interest Received from ICDs and current account balances	438.76	333.27	–	–	–	–	438.76	333.27
6	Contractual remuneration	–	–	–	–	43.77**	26.49**	43.77	26.49
7	Loan taken (including opening balance)	–	14,334.00	–	–	–	–	–	14,334.00
8	Loan repaid	–	14,334.00	–	–	–	–	–	14,334.00
9	Closing balance of loans received	–	–	–	–	–	–	–	–
10	Loan given (including opening balance)	75,878.46	53,463.00	–	–	–	–	75,878.46	53,463.00
11	Loan repaid	75,878.46	53,463.00	–	–	–	–	75,878.46	53,463.00
12	Closing balance of loans given	–	–	–	–	–	–	–	–
13	Rent paid (excluding service tax)	2.68	2.64	–	–	–	–	2.68	2.64

\* No transaction has taken place with fellow subsidiary companies during the year.

\*\* As the liabilities for gratuity, leave encashment and sick leave are provided on an actuarial basis for the Company as a whole, the amount pertaining there to are not included in above.

**E. 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-15.

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

Particulars	As at 31st March 2014	As at 31st March 2013
Within one year	6.28	6.24
Total	6.28	6.24

**F. 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:

Particulars	Current Year	Previous Year
Profit after tax and adjustments	4,366.97	2,440.39
Total (A)	4,366.97	2,440.39
Weighted average number of equity shares (No. in lac)	930.92	1,025.52
Total (B)	930.92	1,025.52
Earning per share : Basic / Diluted (A/B) ₹	4.69	2.38



## Notes to financial statements for the year ended 31st March 2013.

(₹ in Lac)

- G. a) Deferred Tax Liability (Net) as on 31st March, 2014 is as follows:

Particulars	Current Year	Previous Year
Difference between book and tax depreciation	1,564.59	1,874.01
Less: Deferred Tax Assets arising on account of timing difference		
– Disallowed under section 43B of the Income Tax Act 1961	42.08	29.40
– Provision for doubtful debts	1.64	1.57
Net Deferred Tax Liability	1,520.87	1,843.04

- 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'.
- H. 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.
- I. 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, 2014. 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.
- J. Disclosure required by Clause 32 of Listing Agreement
- The Company has given inter corporate deposits aggregating to ₹ 75,878.46 lacs (Previous Year ₹ 53,288.00 lacs) to M/s Vardhman Textiles Ltd. during the year. The maximum amount outstanding during the year was ₹ 9,458.46 lacs (Previous Year ₹ 4,241.00 Lacs). The Balance outstanding as on 31.03.14 is Nil (Previous Year is ₹ Nil).
- K. Excise Duty amounting to ₹ 4,108.66 Lacs (Previous Year ₹ 3,720.24 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.
- L. 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.
- M. 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 detail of the outstanding forward contracts as at 31st March, 2014 is as under:

Particulars	Current Year		Previous Year	
	No. of Contracts	Amount in Foreign Currency (Lac)	No. of Contracts	Amount in Foreign Currency (Lac)
a) Category wise quantitative data				
Forward contracts against imports (USD)	22	135.98	18	103.39
Forward contracts against imports (JPY)	1	138.00	–	–



Vardhman

## Notes to financial statements for the year ended 31st March 2014.

(₹ in Lac)

## N. Additional information pursuant to the Paragraph V of Part II of Revised Schedule VI to the Companies Act 1956.

	Current Year	Previous Year
<b>(1) CIF Value of Imports</b>		
Raw Materials	21,302.21	18,869.10
Stores & Spares	90.26	68.00
Acrylic Fibre	10,610.41	10,778.64
Total	32,002.88	29,715.74
<b>(2) Expenditure in Foreign Currency</b>		
Travelling	0.76	0.58
Subscription	6.64	6.31
Professional Charges	6.14	29.81
Total	13.54	36.70

**(3) Value of raw materials, components and spare parts consumed**

	Current Year		Previous Year	
	Amount	%	Amount	%
<b>I Raw Materials:</b>				
Imported	20,261.35	89.49	19,269.37	93.86
Indigenous	2,379.85	10.51	1,259.96	6.14
Total	22,641.20	100.00	20,529.33	100.00
<b>II Components and Spare Parts:</b>				
Imported	40.28	11.76	47.10	12.30
Indigenous	302.26	88.24	335.78	87.70
Total	342.54	100.00	382.88	100.00

As per our report of even date  
For S.S. Kothari Mehta & Co.,  
Chartered Accountants  
Firm Registration No.: 000756N

For and on behalf of Board

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 : New Delhi  
Dated: 19th May, 2014

Place : Gurgaon  
Dated : 19th May, 2014

# VARDHMAN ACRYLICS LIMITED

Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana - 141 010  
CIN: L51491PB1990PLC019212; PAN: AAACV7602E



## PROXY FORM

I/We.....  
of.....  
in the District .....being 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 24th Annual General Meeting of the Company to be held at Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 10.00 AM, on Thursday, the 25th September, 2014 and at any adjournment thereof.

Signed this.....day of.....2014.

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.

# VARDHMAN ACRYLICS LIMITED

Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana - 141 010  
CIN: L51491PB1990PLC019212; PAN: AAACV7602E



## ATTENDANCE SLIP

I hereby record my presence at the 24th Annual General Meeting of the above named Company being held at Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 10.00 AM, on Thursday, the 25th September, 2014.

.....  
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.

(TEAR HERE)









