



**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	
Dr. Arvind Kumar Bakhshi	
Mr. Darshan Lal Sharma	
Mr. Surinder Kumar Bansal	
Mr. Bal Krishan Choudhary	<i>Managing Director</i>

## CHIEF EXECUTIVE

Mr. B.L. Uppal

## COMPANY SECRETARY

Ms. Ruchita Vij

## AUDITORS

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

## BANKERS

State Bank of Patiala  
ICICI Bank Limited

## REGISTRAR AND TRANSFER AGENT

M/s. MCS Limited  
Mumbai

## REGISTERED & CORPORATE OFFICE

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

## BUSINESS OFFICE

1 st 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)

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## NOTICE

NOTICE is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Members of the Company will be held on Saturday, the 31st day of August, 2013 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, 2013 and Statement of Profit & Loss for the year ended on that date together with the Auditors' Report thereon.
2. a) To appoint a Director in place of Mr. Sachit Jain, who retires by rotation in accordance with Article 126 of the Articles of Association of the Company and being eligible, offers himself for reappointment.  
b) To appoint a Director in place of Dr. A.K. Bakhshi, who retires by rotation in accordance with Article 126 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To appoint Statutory Auditors for the year 2013-2014 and to fix their remuneration.

### SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section-269 read with Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. B.K. Choudhary, be and is hereby re-appointed as a Managing Director of the Company for a period of three years w.e.f. 1<sup>st</sup> April 2013, at a remuneration as detailed below:-

S.NO.	REMUNERATION	DETAILS
I.	Basic Salary	Basic Salary will be in the scale of ₹ 1,35,000 - ₹ 12,500 - ₹ 1,60,000 per month.
II.	Commission	Commission equal to 1 % of the Net Profit of the Company, subject to maximum of 75% of the Annual Basic Salary.
III.	Special Allowance	Special allowance @ ₹ 35,000 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 mediclaim 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 ₹ 40,000 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)	Provident Fund	Contribution to provident fund, will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income-Tax Act, 1961. The said contribution will also be subject to the rules framed by the Company in this respect.
g)	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."

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

"RESOLVED THAT pursuant to the provisions of Section 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby given for enhancement of the sitting fee payable to the Directors from ₹ 12,000/- and ₹ 10,000/- per meeting to ₹ 20,000/- and ₹ 15,000/- per meeting for attending the Board Meeting and Audit Committee Meeting respectively".

By Order of the Board

Place: Gurgaon

Date: May 28, 2013

(Ruchita Vij)

Company Secretary

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 4 & 5 of the Notice is annexed hereto and the information pursuant to Corporate Governance Clause of Listing Agreement (s) regarding the directors seeking re-appointment in the Annual General meeting, as proposed in Item no.2 of the Notice, is also being annexed hereto separately and both forms part of the Notice.
3. The Register of Members and share Transfer Books of the Company shall remain closed from 19<sup>th</sup> August, 2013 to 31<sup>st</sup> August, 2013 (both days inclusive).
4. Members desiring any information as regards accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
5. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 a.m. to 12.30 p.m.

6. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.

7. The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 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:

M/s MCS Limited

Office No. 21/22, Ground Floor, Jamnadas Building,  
5, P.D. Mello Road (Chadiali Gudi),

Masjid, Mumbai-400 009

Phone: -22-23726253-6255, Fax: 022-23726252

E-mail: mcspanvel@yahoo.co.in

## ANNEXURE TO THE NOTICE

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

#### ITEM NO. 4 OF SPECIAL BUSINESS:

The members of the Company in their Annual General Meeting held on 30.08.2008 had approved appointment of Mr. B.K. Choudhary as Managing Director of the Company for five years term w.e.f 12.05.2008. The present term of his appointment is expiring on 11<sup>th</sup> May 2013. However, the Board of Directors in its meeting held on 02.02.2013 has re-appointed Mr. B.K. Choudhary as Managing Director for a period of Three years w.e.f. 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2016, at remuneration as detailed in the resolution.

The said re-appointment of Mr. Choudhary is subject to the approval of the members.

Accordingly, your approval is solicited.

#### MEMORANDUM OF CONCERN OR INTEREST:

Except Mr. B.K Choudhary, none of the Directors is interested or concerned in the re-appointment.

#### ITEM NO. 5 OF THE SPECIAL BUSINESS:

Article 116 of the Articles of Association of your Company provides for payment of sitting fee to every director for attending a meeting of the Board or its Committee subject to such maximum fee as may be prescribed by the Central Government from time to time. In terms of Circular No. G.S.R. 580(E) dated 24.07.2003



issued by the Central Government, your Company can pay a maximum amount of ₹ 20,000/- as sitting fee for each meeting of the Board of Directors or a Committee thereof.

Keeping in view the contribution made by the Directors in framing progressive policies and their valuable guidance/suggestions from time to time, the Board of Directors in its meeting held on 28<sup>th</sup> May 2013 enhanced the sitting fee from ₹ 12,000/- to ₹ 20,000/- and from ₹ 10,000/- to ₹ 15,000/- per meeting for attending the Board Meeting and Audit Committee Meeting respectively, for which your approval is solicited.

## MEMORANDUM OF INTEREST:

Except Mr. Shri Paul Oswal, Chairman, Mr. Sachit Jain, Mr. Darshal Lal Sharma, Directors and Mr. B.K. Choudhary, Managing Director, all other directors of the Company are interested or concerned in this resolution.

By Order of the Board

Place: Gurgaon

Date: May 28, 2013

(Ruchita Vij)

Company Secretary

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

Name of the Director	Mr. Sachit Jain	Dr. A.K. Bakhshi
Date of Birth	08.07.1966	06.10.1947
Date of Appointment	30.12.1995	12.05.2008
Expertise in specific functional area	Business Executive having experience of more than 24 years in textiles industry.	About 38 years experience in teaching, research & educational programmes at Universities.
Qualification	B.Tech., M.B.A	M.Sc., Ph.D
Directorships of Other Companies	<ul style="list-style-type: none"> <li>Vardhman Textiles Limited</li> <li>Vardhman Special Steels Limited</li> <li>Vardhman Holdings Limited</li> <li>Vardhman Apparels Limited</li> <li>Vardhman Yarns &amp; Threads Limited</li> <li>Syracuse Invst. &amp; Trdg. Co. Pvt. Ltd.</li> <li>Adinath Investment &amp; Trdg. Company</li> <li>Devakar Invst. &amp; Trdg. Co. Pvt. Ltd.</li> <li>Mahavir Spinning Mills Private Limited</li> <li>Srestha Holdings Limited</li> <li>Anklesh Investments (P) Ltd.</li> <li>Pradeep Mercantile Co. Pvt. Ltd.</li> <li>Plaza Trading Company Pvt. Ltd.</li> <li>Marshall Invst. &amp; Trdg. Co. (P) Ltd.</li> <li>Santon Finance &amp; Invst. Co. Ltd.</li> <li>Flamingo Finance &amp; Invst. Co. Ltd.</li> <li>Ramaniya Finance &amp; Invst. Co. Ltd.</li> <li>Vardhman Spinning and General Mills Limited</li> <li>VTL Investments Limited</li> <li>Vardhman Nisshinbo Garments Company Limited</li> <li>UTI Asset Management Company Limited</li> </ul>	NIL
Chairman/Member of Committees of Other Companies	Chairman/Member-Audit Committee <ul style="list-style-type: none"> <li>Vardhman Yarns &amp; Threads Limited</li> <li>Vardhman Nisshinbo Garments Company Limited</li> </ul> Chairman/Member-Shareholders'/ Investors' Grievances Committee <ul style="list-style-type: none"> <li>Vardhman Holdings Limited</li> </ul> Member-Shareholders'/ Investors' Grievances Committee <ul style="list-style-type: none"> <li>Vardhman Textiles Limited</li> </ul> Member- H.R. Committee <ul style="list-style-type: none"> <li>UTI Asset Management Company Limited</li> </ul>	NIL
No. of Shares Held	10	NIL
Relationship with other Directors	Related to Mr. S.P. Oswal	Not related to any Director

## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their Twenty-Third Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

### 1. FINANCIAL RESULTS:

The financial results for the year are as under:-

(₹ in Lacs)		
Particulars	2012-13	2011-12
Sales (Gross)	47,369.65	42,122.05
Profit before Depreciation, Interest & Tax (PBDIT)	5,012.26	4,696.64
Interest & Financial Charges	88.38	43.71
Profit before depreciation & Tax (PBDT)	4,923.88	4,652.93
Depreciation	1,128.93	1,124.18
Profit before Tax	3,794.95	3,528.75
Provision for Tax		
- Current Tax	1,530.00	1,325.00
- Deferred Tax	(175.62)	(252.69)
- IT adjustment for earlier year	0.25	2.94
Profit after Tax	2,440.32	2,453.50
Prior period adjustments (Net)	(0.07)	4.56
Net Profit	2,440.39	2,448.94
Earnings per share (in ₹)	2.38	2.26

### 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 2012, global Acrylic Fibre (AF) consumption is reported to witness a drop of around 3% in demand over the previous year as against expectation of flat to moderate growth. The demand of manmade fibres globally is reported to have grown around 6.0% in the year 2012 over the previous year with all fibres demand growth estimated around 1.9%. The Chinese AF consumption also seems to have dropped by around 3% over the corresponding period. As against this demand drop, Indian AF consumption seems to have grown by more than 5%, possibly 8%. This growth in demand is in contrast to around 1% drop in all fibres demand and of around 6% drop in demand of all manmade fibres in India during the same period. The gain in AF demand, however, has been largely met through imports with Indian AF production dropping by more than 3%. The growth in Indian AF demand in

face of declining economic growth and decline in demand of manmade fibres is a positive sign and augurs well for Indian AF chain.

The international AF price witnessed volatile movements with drop of about 25% within a period of 4 months from April to July 2012 with improvement of around 10% over the next 2-3 months. The domestic market price also witnessed similar movements. Unlike the previous year, in the year under discussion, the AF price was affected more by Acrylonitrile prices and demand conditions than the volatile price movements of other competing fibres.

Globally, the AF capacity utilization was estimated to be around 85%, Chinese capacity utilization was estimated to be less than 80% with Indian capacity utilization also being less than 80%.

The principal raw material of the Company Acrylonitrile (AN) witnessed sharp drop of more than 30% within a period of four months from April to July in 2012. Thereafter also, the AN prices continued to move up and down with movements being more than 10% from month to month. The rapid fluctuations added to market uncertainty and affected the margins of AF industry globally including India. The AN prices witnessed volatile movements in the first quarter of the year largely on account of drop in Brent Crude Oil price from USD125 bbl approx in March 2012 to USD 113 bbl approx in Aug 2012. New global AN capacity addition of more than 3 lacs MT in the year 2012 against dropping demand of AF and declining growth rate of ABS consumption also affected AN prices. The slowdown in economic growth of China, unabated crisis in some Euro Zone economies and uncertain recovery in US had an impact on both ABS and AF consumption, two principal usages of AN accounting for more than 70% of AN consumption which in turn affected AN demand and prices.

The year under discussion was full of challenges for AF industry both globally as also in India. While falling demand of AF and volatile price movement of AN posed challenges globally, the Indian AF producers faced additional challenge of increasing imports at low prices.

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

##### • PRODUCTION & SALES REVIEW:

The total production during the year under consideration was 20,404 MT as against 20,306 MT in the previous year. Your Company has achieved a turnover of ₹ 47,369.65 lacs against a turnover of ₹ 42,122.05 lacs in the previous year. After providing for depreciation of ₹ 1,128.93 lacs (previous year ₹ 1,124.18 Lacs) and provision for current tax (including wealth tax) of ₹ 1,530 lacs (previous year ₹ 1,325 lacs), deferred tax of ₹ (175.62) lacs (previous year ₹ (252.69) lacs) and income tax adjustments for earlier years of

₹ 0.25 lacs (previous year ₹ 2.94 Lacs), Profit after tax of the Company is ₹ 2,440.32 lacs as against a net profit of ₹ 2,453.50 lacs in the previous year.

## • RESOURCE UTILISATION:

### i) Fixed Assets:

The gross fixed assets (including work-in-progress) as at 31st March, 2013 were ₹ 23,959.09 lacs as compared to ₹ 23,892.51 lacs in the previous year.

### ii) Current Assets:

The current assets as on 31st March, 2013 were ₹ 22,583.48 lacs as against ₹ 13,697.24 lacs in the previous year. Inventory level was at ₹ 6,621.14 lacs as against ₹ 5,734.79 lacs in the previous year.

## • FINANCIAL CONDITIONS & LIQUIDITY:

### Liquidity & Capital Resources:

(₹ in Lacs)		
Particulars	2012-13	2011-12
<b>Cash &amp; cash equivalents:</b>		
Beginning of the year	534.16	431.28
End of the year	1,209.08	534.16
<b>Net cash provided/(used) by:</b>		
Operating Activities	2,372.79	2,753.55
Investing Activities	285.20	(3,217.81)
Financial Activities	(1,983.07)	567.15

## c) BUSINESS OUTLOOK:

The forecasts on Indian economic growth vary widely between 5% to 6.5% in the year 2013-14. It is a worrisome drop against economic growth of +8% achieved by the Indian economy over the few previous years. The current account and fiscal deficits pose serious challenges. The inflation, though under check in April-May 2013, remains a large threat. Rapid and large fluctuation in currency exchange rates can add to the problems of AF industry.

Globally, the economic growth forecast of 3.2 - 3.3% in the year 2013 is cause of some cheer though it seems to be optimistic in face of continuing European economic zone difficulties and fragile US economic recovery. The Chinese growth is likely to slow down to 7.5% approx in 2013. All these forecasts do not seem to support large growth in the consumption of AF.

In the year 2013, new AN capacity of around 4 lacs MT will be commissioned over available capacity in the year 2012. Against modest demand increase of AF and slowing demand growth of ABS, this increase in AN capacity is likely to keep AN prices in affordable zones to permit AF to remain competitive with other

competing fibres. It may act as a barrier against further substitution of AF by other fibres. Due to favourable weather conditions in the previous winter and demand growth, the acrylic pipeline in India is carrying relatively low stocks. This factor may help in sustaining AF consumption in FY 2013-14. In overall analysis, it seems that AF consumption in FY 2013-14 will show flat to marginal growth in India and world over. Unless imports at unreasonably low prices are checked, the Indian AF industry may not benefit from the sustained consumption or marginal growth of AF locally.

## d) INTERNAL CONTROL SYSTEM:

The internal audit is well designed and adequate to review all systems, processes and controls of the Company. It covers review and examination of compliances with all policies, procedures and statutory requirements. The suggestions for improvement of systems, and processes form part of the recommendations of the internal audit team. The findings and recommendations of the internal audit team are discussed and examined by the senior management and the audit committee of the board. The timely implementation of the corrective measures is tracked.

## e) MANAGEMENT PERCEPTION OF RISK & CONCERNS:

The Indian economic growth forecasts in face of high current account and fiscal deficits and other economic factors remain uncertain and unreliable. The untamed inflation in India leading to lower discretionary spending by low income group consumers adds to the uncertainty on consumption of AF. The climatic conditions during the winter months, performance of monsoon which has major impact on agriculture incomes and change in fashion trends may impact the consumption of AF.

The uncertainty on global economic growth with fragile improvement in US economy, continued dismal economic performance of European countries, yet not clear Japanese economic growth trends and definite slow down in Chinese economic growth will keep crude oil and energy prices volatile. The principal raw materials of your Company are both petrochemical derivatives susceptible to the volatility of the petro chain. The other factors like demand and availability of propylene add to the AN price uncertainty. There have been significant developments in other competing fibres especially in cotton and polyester. The relative price movements and speculative considerations may lead to increased inter fibre substitution which generally has adverse impact on AF consumption. Additionally, unreasonably low priced imports of AF will continue to pose serious problems to the domestic AF Industry.

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

The Company continued to focus on training and development of the personnel at all levels to enhance skills, knowledge and competencies. The efforts to build a positive and excellence oriented work culture and promoting innovation continued. Your Company has always placed great emphasis on building an environment of mutual trust and harmony with all of its personnel. The industrial relations remained harmonious and cordial during the year.

The Company employed 294 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, after it was approved by the Board of Directors of the Company at its meeting held on May 09, 2012. Pursuant to said offer, the Company bought back 14,554,141 equity shares of ₹ 10/- each and extinguished 13,906,160 equity shares during the year ended 31<sup>st</sup> March, 2013. Consequent to such extinguishment of shares, paid up share capital of the Company as on March 31, 2013 stood at ₹ 9,462.63 lacs.

**4. DIRECTORS:**

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

**6. DIRECTOR'S RESPONSIBILITY STATEMENT:**

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

- In the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- 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;
- 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;
- 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.

**8. STATUTORY AUDITORS' REPORT:**

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

**9. COST AUDITOR:**

The Board of Directors of your Company has recommended Mr. R.A Mehta, Practising Cost Auditor, Ankleshwar (being eligible for re-appointment) to be re-appointed as a Cost Auditor for the financial year 2013-14 subject to approval of the Central Government under section 233B of the Companies Act, 1956.

**10. PERSONNEL:**

None of the employees has received salary of ₹ 60.00 lac per annum or ₹ 5.00 lac per month or more during the financial year 2012-2013. 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: May 28, 2013

(S.P. Oswal)  
Chairman



## ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

### I. CONSERVATION OF ENERGY:

Variable frequency Drives were installed at variable equipments as a measure to conserve electrical energy during the period under report.

#### FORM-A:

#### A) POWER AND FUEL CONSUMPTION:

Particulars	Unit	2012-13	2011-12
<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 (KWH in Lacs)		11.83	5.48
Unit per Litre of Diesel Oil (KWH)		3.50	3.00
Cost / Unit (₹/KWH)		12.79	13.31
ii) Through Turbines (KWH in Lacs)		256.34	264.07
Unit per Kg. of coal/Lignite (KWH/Kg)		1.17	1.12
Total Cost (₹ In Lacs)		728.58	704.18
Cost/Unit (₹/KWH)		2.84	2.67

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

Quantity (MT)	37,347	35,215
Total Cost (₹ in Lacs)	1,240.55	1,056.28
Average Rate (₹ per MT)	3,322	2,999

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

Quantity (K. Ltrs.)	297.35	189.02
Total Cost (₹ in Lacs)	108.95	53.10
Average Rate (₹ per Ltrs.)	36.64	28.09

#### B) CONSUMPTION PER UNIT OF PRODUCTION:

##### Acrylic Fibre/Acrylic Tow

Electricity (KWH/Kg)	1.31	1.33
Coal (used in Boiler for generation of Steam) (MT/MT)	1.83	1.73
Furnace Oil (used in Boiler for generation of Steam) (K. Ltrs./MT)	0.015	0.009

#### II. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished as per Form-B Rules as follows:

#### FORM-B:

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

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

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

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

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

##### (iii) Future plan of action:

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

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

	(₹ in lacs)	
	2012-13	2011-12
Non- Recurring	—	—
Percentage of turnover	—	—

#### B) TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION:

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

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

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

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

##### (iii) In case of 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 EARNINGS AND OUTGO:

	(₹ in lacs)	
	2012-13	2011-12
Foreign Exchange earned (FOB)	NIL	NIL
Foreign Exchange used (on accrual basis)	29,752.44	20,407.68

## 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 2012-2013, the Board met four times on 09.05.2012, 25.07.2012, 06.11.2012 and 02.02.2013.

The composition of Board of Directors and Directors attendance at the Board Meetings and at last Annual General Meeting of the Company, as also the number of Directorships/Chairmanships held by them in other Public Limited Companies, during the financial year 2012-13 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	3	Yes	11	-	5	-
Mr.B.K. Choudhary	Managing Director, Non independent	4	Yes	2	-	-	-
Mr.SachitJain	Non-Executive Director, Non independent	3	No	13	4	1	3
Mr.D.L. Sharma	Non-Executive Director, Non independent	3	Yes	5	5	1	-
Mr.S.P. Singh	Non-Executive Director, independent	4	No	-	-	-	-
Mr.M.C. Gupta	Non-Executive Director, independent	4	No	2	1	-	1
Mr.S.K. Bansal	Non-Executive Director, independent	3	No	1	1	-	-
Dr.A.K. Bakhshi	Non-Executive Director, independent	4	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.