

52nd Annual Report
2015-16



Vardhmān

Vardhmān Holdings Limited

BOARD OF DIRECTORS

| | |
|--------------------------|-----------------------------|
| Mr. Shri Paul Oswal | <i>Chairman</i> |
| Mrs. Shakun Oswal | <i>Director</i> |
| Mr. Sachit Jain | <i>Director</i> |
| Mrs. Suchita Jain | <i>Director</i> |
| Mr. Chaman Lal Jain | <i>Director</i> |
| Mr. Jagdish Rai Singal | <i>Independent Director</i> |
| Mr. Sat Pal Kanwar | <i>Independent Director</i> |
| Mrs. Apinder Sodhi | <i>Independent Director</i> |
| Mr. Om Parkash Sharma | <i>Independent Director</i> |
| Mr. Surinder Singh Bagai | <i>Independent Director</i> |

CHIEF FINANCIAL OFFICER

Ms. Poorva Bhatia

COMPANY SECRETARY

Mr. Amrender Kumar Yadav

AUDITORS

M/s. R. Dewan & Company, Ludhiana

REGISTRAR AND TRANSFER AGENT

M/s. Alankit Assignments Limited
New Delhi

REGISTERED & CORPORATE OFFICE

Vardhman Premises, Chandigarh Road,
Ludhiana-141 010

Phones: (0161) 2228943 - 48

Fax: (0161) 220766

E-mail: secretarial.lud@vardhman.com

Website: www.vardhman.com

CIN : L17111PB1962PLC002463

PAN : AABCV8088P

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Vardhman

NOTICE

NOTICE is hereby given that the Fifty Second Annual General Meeting of the Members of the Company will be held on Monday, the 5th day of September, 2016 at 3.00 p.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 31st March, 2016 and statement of Profit & Loss Account for the year ended on that date together with the Auditors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. S.P. Oswal (DIN 00121737), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of Statutory Auditors of the Company 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 139(1) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the appointment of M/s. R. Dewan & Co, Chartered Accountants, (Registration No. 017883N) as Statutory Auditors of the Company, be and is hereby ratified for the Financial Year 2016-2017."

BY ORDER OF THE BOARD

Sd/-

PLACE: Ludhiana
DATE: May 20, 2016

(Amrender Kumar Yadav)
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. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Amendment Rules 2015, and Regulation 44 of the SEBI (Listing Obligations And Disclosures Requirements) Regulations 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for

voting, through ballot paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Company has transferred the unpaid or unclaimed dividends declared up to Financial Year 2007-08, from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 4th September, 2015 (date of last Annual General Meeting) on the website of the Company (www.vardhman.com), as also on the website of the Ministry of Corporate Affairs.
7. Subject to the provisions of Section 126 of the Companies Act, 2013 (corresponding to Section 206A of the Companies Act, 1956), dividend as recommended by the Board of Directors, if declared at the meeting, will be dispatched/ remitted commencing on or from 8th September, 2016.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Alankit Assignments Limited.
9. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 13th August, 2016 to 5th September, 2016 (both days inclusive).**
10. 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.
11. The information pursuant to Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 regarding the Directors seeking appointment/re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

12. 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.
13. 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.
14. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.
15. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their members electronically. In support of the Green Initiative, your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance sheet, Statement of Profit & Loss and Director's Report etc and other communications in electronic form. The members are requested to support this Green Initiative by registering/ updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialized form) or with Registrar and Transfer Agent, Alankit Assignments Limited, New Delhi (in case of shares held in physical form).
16. The Result of the resolutions passed at the AGM of the Company will be declared within 48 working hours of conclusion of AGM. The results declared alongwith the Scrutinizer's report shall be placed on the Company's website **www.vardhman.com** and on the website of CDSL and will be communicated to the stock exchanges.
17. The Annual Report 2015-16 is being sent through electronic mode only to the members whose email addresses are registered with the Company/Depository Participant(s), unless any members who have not registered their email addresses, physical copies of the Annual Report 2015-16 are being sent by permitted mode.
18. **M/s. Harsh Goyal & 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.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 2nd September, 2016 (9.00 am) and ends on 4th September, 2016 (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 of 29th August, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website **www.evotingindia.com**.
- (iv) Click on "Shareholders" tab.
- (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** 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 Demat Form and Physical Form | |
|--|--|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ● 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. ● 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. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> ● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (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 **160725025 <VARDHMAN HOLDINGS 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 a print of the votes cast by clicking on **"Click here to print"** option on the Voting page.
- (xviii) If a demat account holder has forgotten the login 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) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xx) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **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**.
 - After receiving the login details a Compliance User should be created 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 linked in the login should be mailed to **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.
- (xxi) 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**, under help section or write an email to **helpdesk.evoting@cdslindia.com**.
- 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 UNDER THE SEBI (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS 2015, REGARDING DIRECTOR SEEKING RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING.

| | |
|--|--|
| Name of the Director | S.P. Oswal |
| Date of Birth | 08.04.1942 |
| Date of Appointment | 12.04.1971 |
| Expertise in specific functional area | Mr. S.P. Oswal is having business experience of more than 49 years in Textiles Industry. |
| Qualification | M. Com (Gold Medalist) |
| Directorships of other Companies | <ol style="list-style-type: none"> 1. VMT Spinning Company Limited 2. Vardhman Acrylics Limited 3. Vardhman Yarns and Threads Limited 4. Srestha Holdings Private Limited 5. Santon Finance & Investment Company Limited 6. Flamingo Finance & Investment Company Limited 7. Ramaniya Finance & Investment Company Limited 8. Vardhman Textiles Limited 9. Nimbua Greenfield (Punjab) Limited 10. Devakar Investment and Trading Company Pvt. Limited 11. Syracuse Investment and Trading Company Pvt. Limited 12. Marshall Investment and Trading Company Pvt. Limited 13. Pradeep Mercantile Company Pvt. Limited 14. Plaza Trading Company Pvt. Limited 15. Anklesh Investments Pvt. Limited 16. Mahavir Spinning Mills Private Limited |
| Chairman/Member of Committees of other Companies | <p>Nomination and Remuneration Committee</p> <ul style="list-style-type: none"> ➤ Vardhman Textiles Limited ➤ Vardhman Acrylics Limited |
| No. of Shares Held | 56,880 (equity shares) |
| Relationship with other Directors | Mrs. Shakun Oswal is the wife and Ms. Suchita Jain is daughter of Mr. S.P Oswal. Mr. Sachit Jain is son-in-law of Mr. S.P. Oswal. |

DIRECTORS' REPORT
Dear Members,

The Directors of your Company have pleasure in presenting their 52nd Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2016.

1. FINANCIAL RESULTS:

The Financial results for the year 2015-16 are as under:-

| | (Amount in ₹) | |
|--|----------------------|---------------|
| PARTICULARS | 2015-16 | 2014-15 |
| Revenue from Operations | 518,394,668 | 303,277,001 |
| Other Income | 12,515,781 | 21,908,588 |
| Profit before Depreciation, Interest and Tax (PBDIT) | 495,041,673 | 311,746,552 |
| Interest and Financial Expenses | - | - |
| Profit before Depreciation & Tax (PBDT) | 495,041,673 | 311,746,552 |
| Depreciation | 406,328 | 413,636 |
| Profit before Tax (PBT) | 494,635,345 | 311,332,916 |
| Provision for | | |
| - Current Tax | 25,200,000 | 18,740,000 |
| - Deferred Tax | (7,161,805) | 43,590 |
| - MAT Credit Entitlement | (5,100,000) | (10,430,000) |
| - Tax adjustment for earlier years | - | - |
| Profit after Tax (PAT) | 481,697,150 | 302,979,326 |
| Balance Brought Forward | 946,017,048 | 715,161,495 |
| Profit available for Appropriations | 1,427,714,198 | 1,018,140,821 |
| Appropriations: | | |
| Proposed Dividend on Equity Shares | 9,574,608 | 9,574,608 |
| Corporate Dividend Tax on Proposed Dividend | 1,949,165 | 1,949,165 |
| Transfer to General Reserve | - | - |
| Transfer to Statutory Reserve | 96,400,000 | 60,600,000 |
| Balance carried to Balance Sheet | 1,319,790,425 | 946,017,048 |
| Earnings per Share (₹) | 150.93 | 94.93 |
| Dividend per Share (₹) | 3.00 | 3.00 |

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:
A. FINANCIAL ANALYSIS:

During the year, the Revenue from operations was ₹ 518,394,668 as against ₹ 303,277,001 in the previous year. The Company earned other income of ₹ 12,515,781 during the year as against ₹ 21,908,588 during last year. The Company earned profit before depreciation, interest and tax of ₹ 495,041,673 as against ₹ 311,746,552 in the previous year. After providing for depreciation of ₹ 406,328 (Previous Year ₹ 413,636), current tax of ₹ 25,200,000 (Previous Year

₹ 18,740,000), the profit after tax was ₹ 481,697,150 as against ₹ 302,979,326 last year.

The balance available for appropriation after adding balance in surplus account is ₹ 1,427,714,198. Out of this, a sum of ₹ 9,574,608 and ₹ 1,949,165 have been appropriated towards proposed dividend and corporate dividend tax thereon respectively, ₹ 96,400,000 is proposed to be transferred to Special reserve and the balance of ₹ 1,319,790,425 is proposed to be carried as surplus to the balance sheet.

B. RESOURCE UTILISATION:
FIXED ASSETS:

The fixed assets as at 31st March, 2016 were ₹ 9,756,302 as against previous year's fixed assets of ₹ 10,162,630.

CURRENT ASSETS:

The net current assets as on 31st March, 2016 were ₹ 1,917,026,803 as against ₹ 1,541,472,260 in the previous year.

C. FINANCIAL CONDITIONS AND LIQUIDITY:

Management believes that the Company's liquidity and capital resources are sufficient to meet its expected working capital needs and other anticipated cash requirements. The position of liquidity and capital resources of the Company is given below: -

| | (Amount in ₹) | |
|-------------------------------|----------------------|---------------|
| | 2015-16 | 2014-15 |
| Cash and Cash Equivalents: | | |
| Beginning of the Year | 5,423,636 | 4,046,473 |
| End of the Year | 6,237,869 | 5,423,636 |
| Net Cash provided/ (used) by: | | |
| Operating Activities | 37,62,57,971 | 221,866,458 |
| Investing Activities | (364,046,443) | (209,295,938) |
| Financing Activities | (11,397,295) | (11,193,357) |

D. BUSINESS OUTLOOK:

Vardhman Holdings Limited primarily earns its income from investments. The Company's strategy is to adopt a systematic approach of investment into different asset classes namely debt, equity & real estate and to keep the portfolio dynamic as per the changing market conditions. Company's current portfolio consists of investments into debt, equity, real estate. The investment is made in accordance with the asset allocation model fixed by the Board.

E. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor the working of internal control system. Internal audit in the organization is an independent appraisal activity and all significant issues are brought to the attention of the Audit Committee of the Board.

F. INTERNAL FINANCIAL CONTROL:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

G. MANAGEMENT PERCEPTION OF RISK AND CONCERNS:

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner. The Company is a NBFC Company registered under RBI and mainly engaged in investment business. It follows a strategy of adopting a systematic approach to investment into different asset classes and keeping the portfolio dynamic as per the changing market conditions. The aim is a well diversified portfolio to mitigate the market risk.

The Company is prone to all the financial risks and capital market fluctuations.

H. HUMAN RESOURCES/INDUSTRIAL RELATIONS:

The Company is not carrying on any manufacturing activity and no workers were employed during the year.

3. PUBLIC DEPOSITS:

The Company has not accepted and does not intend to accept any deposits from the public. As at 31st March, 2016, there are no outstanding/unclaimed deposits from the public.

4. DIVIDEND:

The Board of Directors of your Company is pleased to recommend a dividend of ₹ 3.00 per share on the fully paid-up equity shares of the Company.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

In accordance with provisions of the Articles of Association of the Company, Mr. S.P. Oswal, Director of your Company, retires by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommended his appointment for consideration of the members at the forthcoming Annual General Meeting.

Pursuant to provisions of Section 203 of the Companies Act, 2013, the following KMPs were appointed/designated/changed during the year.

| Whole Time Key Managerial Personnel of the Company | Designation | Date of Appointment/ Designated by Board | Date of cessation |
|--|-------------------------------|--|-------------------------------|
| Mrs. Shakun Oswal | Whole-Time Director (WTD) | 12 th February 2015 | – |
| Ms. Tanu Berry | Company Secretary (CS) | 12 th February 2015 | 4 th December 2015 |
| Ms. Poorva Bhatia | Chief Financial Officer (CFO) | 12 th February 2015 | – |
| Mr. Amrender Kumar Yadav | Company Secretary (CS) | 10 th February 2016 | – |

Familiarisation programmes for Board Members:

The familiarisation programme may be accessed on the Company's website at https://www.vardhman.com/user_files/investor/VHL_Familisation%20program.pdf.

6. INDEPENDENT DIRECTORS:

Mr. Surinder Singh Bagai, Mr. Jagdish Rai Singal, Mr. Sat Pal Kanwar, Mr. Om Parkash Sharma & Mrs. Apinder Sodhi, being Independent Directors of the Company, have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 read with the relevant rules.

7. AUDITORS:

a. Statutory Auditors:

M/s. R. Dewan & Co., the Statutory Auditors of the Company has been appointed by the Shareholders of the Company for five consecutive years i.e. from conclusion of 50th Annual General Meeting to the conclusion of 55th Annual General Meeting, whose second year will be completed in the ensuing Annual General Meeting. Pursuant to provisions of Section 139 (1) of the Companies Act, 2013, this appointment shall be ratified by the Shareholders at every Annual General Meeting during their tenure. Therefore, it is recommended to the shareholders to ratify the appointment of M/s. R. Dewan & Co., the Statutory Auditors in their forthcoming Annual General Meeting.

b. Secretarial Auditor:

M/s. Khanna Ashwani & Associates, Practicing Company Secretaries was appointed as Secretarial Auditor & their report on Secretarial Audit in Form No. MR 3 under Section 204 of the Companies Act, 2013 for the Financial Year 2015-16 is attached as **Annexure 1** & shall form part of the Board Report.

c. Internal Auditor:

Pursuant to provisions of Section 138 of the Companies Act, 2013, Mr. Varun Mahajan, internal auditor, has conducted internal audit of the functions and activities of the Company and maintained internal control systems of the Company during FY 2015-16.

8. AUDITORS' REPORT:

The Statutory & Secretarial Auditors' Reports are self-explanatory and requires no comments.

9. AUDIT COMMITTEE & VIGIL MECHANISM:

The Audit committee of the Board of Directors was constituted in conformity of provisions of the Companies Act, 2013 & the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The committee comprises of three directors i.e. Mr. Om Parkash Sharma, Mr. Sat Pal Kanwar and Mrs. Apinder Sodhi, Independent Directors. Mrs. Apinder Sodhi is the Chairperson of the said committee and Mr. Amrender Kumar Yadav is Secretary of the Committee. The Committee met Four (4) times during the year.

**Vigil Mechanism and Whistle Blower:**

Pursuant to provisions of section 177(9) of the Companies Act, 2013, the Company has established a "Vigil Mechanism" incorporating Whistle Blower Policy in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for employees and directors of the Company, for expressing the genuine concerns of unethical behaviour, frauds or violation of the codes of conduct by way of direct access to the Chairman/Chairman of the Audit Committee in exceptional cases. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

The policy on "Vigil Mechanism and Whistle Blower" may be accessed on the Company's website at https://www.vardhman.com/user_files/investor/5a743d3b9b143130ad8cc8ffb5845a504d81a531436265717.pdf

10. BOARD MEETINGS:

During the Financial Year 2015-16, the Board met Four (4) times i.e. on 23.05.2015, 12.08.2015, 14.11.2015 and 10.02.2016.

11. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (5) of the Companies Act, 2013, 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, 2013 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.
- v. Laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
- vi. Devised proper systems to ensure compliance with the provisions of all applicable laws and those systems were adequate and operating effectively.

12. 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 norms as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, is annexed to the report on Corporate Governance.

13. PERSONNEL & RELATED INFORMATION:

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 2015-2016. Accordingly, no particulars of employees are to be given pursuant to the provisions of Section 197 of the Companies Act, 2013 read with respective rules.

Since the Company has no subsidiary or holding company, no particulars are required to be given pursuant to the provisions of Section 197 (14) of the Companies Act, 2013.

The particulars required under Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are attached in **Annexure 2**.

14. COMPANY POLICIES & STATUS OF DEVELOPMENT:**a. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:**

Your Company is committed to and fully aware of its Corporate Social Responsibility (CSR), the guidelines in respect of which were more clearly laid down in the recently overhauled Companies Act. The Company's vision is to pursue a corporate strategy that enables shareholder value enhancement in a mutually reinforcing and synergistic manner.

The identified core areas by the Company under CSR are as listed below.

- Promotion of Education
- Environment Protection and energy conservation
- Human capital development
- Rural development
- Other Initiatives:
 - ✓ To contribute to empowering women economically, supplementing primary and secondary education and participating in rural capacity building programmes and such other schemes.
 - ✓ To respond to emergency situations & disasters by providing timely help to affected victims and their families.
 - ✓ Any other project/programme pertaining to activities listed in Companies (Corporate Social Responsibility) Rules, 2014.

The CSR Policy approved by the Board may be accessed on the website of the Company at https://www.vardhman.com/user_files/investor/d2741c4bbc072fc76df0539a029aeab5b86073411436265583.pdf

The Company has spent ₹ 10 lacs on CSR activities during FY 2015-16. We hope, in the coming year, many good proposals, specifically related to health, education and rural development, may be identified and considered by the Committee where the required amount may be spent fruitfully. The disclosure under

Section 134(3) of the Companies Act, 2013 read with Rule 9 of Companies (Accounts) Rules 2014 i.e. Annual Report on CSR activities for Financial Year 2015-16 is attached herewith in **Annexure 3**.

b. NOMINATION AND REMUNERATION POLICY:

The Nominations & Remuneration Committee was constituted by the Board on 09.08.2014, consisting of three directors viz. Mr. Sachit Jain, Mr. Sat Pal Kanwar and Mrs. Apinder Sodhi. Mrs. Apinder Sodhi is the Chairperson of said Committee. The Committee met twice during the year under review. The Company's approved Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, Independence of Directors and other related matters as provided under Section 178(3) & (4) of the Companies Act, 2013 is attached herewith in **Annexure 4**.

c. RISK MANAGEMENT POLICY:

The risk management includes identifying types of risks and its assessment, risk handling and monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company. The Risk Management Committee was re-constituted by the Board on 11.11.2014, comprising of Mr. Sachit Jain, Mr. Sat Pal Kanwar and Mrs. Apinder Sodhi. The Committee has formulated the Risk Management Policy which was subsequently approved by the Board of Directors.

The Risk Management Policy may be accessed on the website of the Company at https://www.vardhman.com/user_files/investor/ac90887bccb0c1ac34a16f592a1ecbb9c50c4d2e1436265676.pdf.

15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The particulars of Loans, guarantees or investments made under Section 186 are forming part of the notes to financial statements (please refer Note No. 11 to 13 to the financial statement).

16. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All the contracts/arrangements/transactions entered by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. The particulars of Contracts or Arrangements made with related parties as specified in form AOC 2 are covered under Note No. 25 to the financial statement, which is set out for related party transactions.

The Related Party Transaction Policy may be accessed on the website of the Company at https://www.vardhman.com/user_files/investor/0f9092fa713917ea04091bdf2fa3b2f2ee3272721436265640.pdf.

17. EXTRACT OF ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 134 (3) (a) of the Companies Act 2013, is furnished in **Annexure 5** (Form MGT 9) and is attached to this Report.

18. ANNUAL PERFORMANCE EVALUATION:

The meeting of Independent Directors of the Company to evaluate the performance of Non-Independent Directors, Chairman & the Board as a whole for Calendar Year 2015 was held on 30th March 2015.

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

Particulars with respect to conservation of energy and other areas as per section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are NIL.

20. GENERAL DISCLOSURE:

Your directors state that no disclosure or reporting is required in respect of the following items, as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights to dividend, voting or otherwise.
2. No material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which this financial statements relate and the date of this report.
3. No significant/material orders have been passed by any Regulator/Court/Tribunal which could impact the going concern status & future operations of the Company.
4. No change in nature of Business of the Company.

21. 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

Date: 20th May, 2016
Place: Ludhiana

Sd/-
(S.P. Oswal)
Chairman

**INDEX OF ANNEXURES
(FORMING PART OF BOARD REPORT)**

| Annexure No. | Particulars |
|--------------|---|
| 1 | Secretarial Audit Report for FY 2015-16. |
| 2 | Particulars under Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. |
| 3 | CSR Activities – Annual Report for FY 2015-16. |
| 4 | Nomination & Remuneration Policy. |
| 5 | Extract of Annual Return – MGT 9. |



Vardhman

**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016.

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Vardhman Holdings Limited.
Vardhman Premises, Chandigarh Road,
Ludhiana-141010, Punjab (India).

We have conducted the secretarial audit compliance of applicable statutory provisions and the adherence to good corporate practices by **Vardhman Holdings Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Vardhman Holdings Limited** books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on **31.03.2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute book, forms and returns filed and other records maintained by the company for the Financial Year ended on **31.03.2016** according to the provisions of:

- (i) The **Companies Act, 2013** (the Act) and the rules made thereunder;
- (ii) The **Securities Contracts (Regulation Act, 1956 ('SCRA')** and the rules made thereunder;
- (iii) The **Depositories Act, 1996** and the Regulations and Bye-laws framed thereunder;
- (iv) **Foreign Exchange Management Act, 1999** and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the **Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-**
 - (a) The Securities and Exchange Board of India (**Substantial Acquisition of Shares and Takeovers**) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (**Prohibition of Insider Trading**) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (**Issue of Capital and Disclosure Requirements**) Regulations, 2009; not applicable to the company during period of audit.
 - (d) The Securities and Exchange Board of India (**Employee Stock Option Scheme and Employee Stock Purchase Scheme**) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,2014; not applicable during the period of audit.
 - (e) The Securities and Exchange Board of India (**Issue and Listing of Debt Securities**) Regulations, 2008; not applicable to the company during period of audit.
 - (f) The Securities and Exchange Board of India (**Registrar to an Issue and Share Transfer Agents**) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (**Delisting of Equity Shares**) Regulations, 2009; not applicable to the company during period of audit.
 - (h) The Securities and Exchange Board of India (**Buyback of Securities**) Regulations, 1998; not applicable to the company during period of audit. and
 - (i) Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (effective 1st December 2015)
- (vi) **Other Applicable laws** like environmental laws and labour laws; are not applicable during the audit period as the company is not undertaking any manufacturing process or division. Company is a Non Banking Financial Company under the provisions and regulations of master circular issued by the RBI, and the provisions related to NBFC's, to the extent applicable to the NBFC category (NBFC – ND) are applicable to the company during the audit period.

We have also examined compliance with the applicable clauses of the following :-

- (i) **Secretarial Standards** issued by The Institute of Company Secretaries of India (ICSI) - ICSI had issued Secretarial Standards numbering 1 and 2 corresponding with reference to the provisions of the **Companies Act, 2013** (effective 1 July 2015) and the Management adheres to them;
- (ii) The **Listing Agreements** entered into by the Company with BSE Limited and National Stock Exchange of India Limited;
- (iii) NBFC Reporting Compliances as per Circular No. **DNBS (PD).CC.No.03/03.02.02/2015-16** issued on 26th Nov. 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of **Executive Directors, Non-Executive Directors and Independent Directors**. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- **Adequate notice** is given to all directors to schedule the **Board Meetings, Agenda** and detailed **notes** on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Ludhiana
Date: 02.05.2016

Sd/-
(Ashwani Kumar Khanna)
FCS No. 3254 & CP No. 2220

- ❖ **Note:** This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

SECRETARIAL AUDIT REPORT

Annexure-A

To,
The Members,
Vardhman Holdings Limited.
Vardhman Premises, Chandigarh Road,
Ludhiana-141010, Punjab (India).

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc and we have relied on such representation for giving our report.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with the management has conducted the affairs of the Company.

Place: Ludhiana
Date: 02.05.2016

Sd/-
(Ashwani Kumar Khanna)
FCS No. 3254 & CP No. 2220

ANNEXURE-2
DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| Sr. No. | Name of Director/KMP and Designation | Remuneration of Director/KMP for Financial Year 2015-16 (₹ In lacs) | % increase in Remuneration in the Financial Year | Ratio of remuneration of each Director/to median remuneration of employees | Comparison of the Remuneration of the KMP against the performance of the Company |
|---------|---|---|--|--|--|
| 1 | Shakun Oswal, Executive Director | Nil | Nil | Not Applicable | Profit before Depreciation, Interest and Tax increased by 58.80% and Profit after Tax increased by 58.99% in the Financial Year 2015-16. |
| 2 | S.P. Kanwar, Non Executive and Independent Director | 0.75 | -9.64% | 0.22 | Not Applicable |
| 3 | O.P. Sharma, Non Executive and Independent Director | 0.35 | -38.60% | 0.10 | Not Applicable |
| 4 | Apinder Sodhi, Non Executive and Independent Director | 1.00 | 25.00% | 0.30 | Not Applicable |
| 5 | J.R. Singal, Non Executive and Independent Director | 0.10 | 0.00 | 0.03 | Not Applicable |
| 6 | S.S. Bagai, Non Executive and Independent Director | 0.10 | 66.67% | 0.03 | Not Applicable |
| 7 | C.L. Jain, Non Executive Director | 0.17 | 0.00 | 0.05 | Not Applicable |
| 8 | Poorva Bhatia, Chief Financial Officer | 5.89* | 1,336.59% | Not Applicable | Profit before Depreciation, Interest and Tax increased by 58.80% and Profit after Tax increased by 58.99% in the Financial Year 2015-16. |
| 9 | Tanu Berry, Company Secretary | 2.71** | 411.32% | Not Applicable | |
| 10 | Amrender Kumar Yadav, Company Secretary | 0.82*** | Not Applicable | Not Applicable | |

* Poorva Bhatia, CFO, was appointed for part of FY 2014-15. In FY 2015-16 full remuneration is taken.

** Tanu Berry, Company Secretary, died on 3rd December 2015.

*** Amrender Kumar Yadav, Company Secretary, was appointed by the Board of Directors in their meeting held on 10th February, 2016.

2. The median remuneration of employees of the Company during the Financial Year was ₹ 3.34 lacs (previous year ₹ 4 lacs).
3. The percentage decrease in the median remuneration of employees in the Financial Year: -16.50%
4. There were 3 permanent employees on the rolls of Company as on March 31, 2016.
5. Relationship between average increase in remuneration and company performance: NA
6. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:
The total remuneration of Key Managerial Personnel is ₹ 9.42 Lacs during the year under review. Whereas the Profit before Depreciation, Interest and Tax (PBDIT) increased by 58.80% to ₹ 49.50 crore in 2015-16 (₹ 31.17 crore in 2014-15).
7. a) Variations in the market capitalisation of the Company: The market capitalisation as on March 31, 2016 was ₹ 28,723.82 lacs (₹ 24,030.67 lacs as on March 31, 2015).
b) Price Earnings ratio of the Company was 5.96 as at March 31, 2016 and 7.93 as at March 31, 2015.
c) Percent increase over/decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer in the year:
The Company had come out with Initial Public Offer (IPO) in 1972. An amount of ₹ 1,000 invested in the said IPO would be worth ₹ 7.19 Lacs as on March 31, 2016 indicating a Compounded Annual Growth Rate of 16.12%. This is excluding the rights issue in 1992, and dividend accrued thereon.
8. Since one out of three employees on the rolls of the Company have joined the Company during Financial Year 2015-16, the average percentage increase made in salary in the last Financial Year i.e. 2015-16 was NIL. Whereas during the year under review, no remuneration was paid to Executive Director.
9. The key parameters for the variable component of remuneration availed by the directors, if any, are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
10. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: – Not Applicable; and
11. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

ANNUAL REPORT - CSR ACTIVITIES

Section 135 & Rule 8 (1) of Companies (Corporate Social Responsibility Policy Rules) 2014

| | | |
|--|--|---|
| Name of the Company | | Vardhman Holdings Limited |
| Corporate Identity Number (CIN) | | L17111PB1962PLC002463 |
| For Financial Year | | 2015 - 16 |
| Sr. No. | Particulars | Details |
| 1 | Brief outline of the Company's CSR Policy. | <p>Broad contours of CSR Policy of the Company:</p> <ol style="list-style-type: none"> Promotion of Education Rural Development Human Capital Development Environment protection & energy Conservation Contribution in empowering women Economically, supplementing primary and secondary education and participating in rural capacity building programmes. To respond to emergency situations & disasters by providing timely help to affected victims and their families. Any other project/programme pertaining to activities listed in Companies (Corporate Social Responsibility) Rules, 2014. <p>CSR Policy is placed on website of the Company & web link - https://www.vardhman.com/user_files/investor/d2741c4bbc072fc76df0539a029aeab5b86073411436265583.pdf.</p> |
| 2 | Composition of CSR Committee | Date of Constitution: 09.08.2014 Chairperson: Mrs. Suchita Jain Members: Mrs. Apinder Sodhi and Mr. C.L. Jain |
| 3 | Average net profits of the Company for last three Financial Years | ₹ 20.56 Crores |
| 4 | Prescribed CSR Expenditure (2% of the amount as in item no. 3 above) | ₹ 41.12 Lacs |
| 5 | Details of CSR spent during the Financial year | |
| | a. Total amount to be spent for the Financial Year | ₹ 41.12 Lacs |
| | b. Amount unspent, if any | ₹ 31.12 Lacs |
| | c. Manner in which the amount spent during the Financial Year | Annexure A |
| 6 | In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report. | A lot of preliminary and exploratory work has been done by the Committee to identify areas where its contribution may be of the maximum benefit to the society. The CSR Committee has been examining and evaluating proposals around local areas where our office is located as well as other areas. It may take some time for these proposals to fructify. |

ANNEXURE A

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---------|--|--|---|--|--|---|--|
| Sr. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise (In ₹) | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: (In ₹) | Cumulative expenditure up to the reporting period. (In ₹) | Amount spent: Direct or through implementing agency* |
| 1. | Donation to Christian Medical College & Hospital, Ludhiana | Promoting Health Care including preventive health care | Ludhiana, Punjab | - | 5,00,000 | 5,00,000 | Direct |
| 2. | Donation to Dayanand Medical College & Hospital, Ludhiana | Promoting Health Care including preventive health care | Ludhiana, Punjab | - | 5,00,000 | 10,00,000 | Direct |

RESPONSIBILITY STATEMENT:

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company, is reproduced below:
"The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company."

Date: 20th May, 2016
Place: Ludhiana

Sd/-
S.P. Oswal
(Chairman)

Sd/-
Suchita Jain
(Chairperson of CSR Committee)

NOMINATION AND REMUNERATION POLICY OF

VARDHMAN HOLDINGS LIMITED

(U/s 178 of the Companies Act, 2013 and Clause 49 (IV) of the Amended Listing Agreement)

1. PREFACE:

In terms of the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, this policy on Nomination and Remuneration of Directors and Senior Management has been formulated by the Committee and approved by the Board of Directors in their meeting held on 11th November, 2014.

Upon the recommendations of Nomination and Remuneration Committee, the Board of Directors of Vardhman Holdings Limited (VHL) in their meeting held on 23rd May, 2015 made certain amendments in the existing policy and thereafter replaced the existing policy with the amended policy.

The amended policy is as under:-

2. ROLE OF THE COMMITTEE:

- a) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to Board their appointment and removal.
- b) To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- c) To recommend to the Board, remuneration policy related to remuneration of Directors (whole time Directors, Executive Directors etc), Key Managerial Personnel and other employees while ensuring the following:-
 - i. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
 - ii. That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - iii. That remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate of the working of the company and its goals.
- d) To formulate criteria for evaluation of Directors and the Board.
- e) To devise a policy on Board diversity.

3. MEMBERSHIP:

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b) Minimum two (2) members shall constitute a quorum for the Committee meeting.

- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

4. CHAIRMAN:

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

5. FREQUENCY OF MEETINGS:

The meeting of the Committee shall be held at such regular intervals as may be required.

6. COMMITTEE MEMBERS' INTERESTS:

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

7. SECRETARY:

The Company Secretary of the Company shall act as Secretary of the Committee.

8. VOTING:

- a) Decisions of the Committee shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

9. MINUTES OF COMMITTEE MEETING:

The minutes of all the proceedings of all meetings must be signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board meetings.

10. EFFECTIVE DATE & AMENDMENTS:

This policy will be effective from 23rd May, 2015 and may be amended subject to the approval of Board of Directors.

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on 31st March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|---|
| i) | CIN:- | L17111PB1962PLC002463 |
| ii) | Registration Date | 27th December, 1962 |
| iii) | Name of the Company | VARDHMAN HOLDINGS LIMITED |
| iv) | Category / Sub-Category of the Company | Company limited by shares |
| v) | Address of the Registered office and contact details | Vardhman Premises, Chandigarh Road, Ludhiana - 141010 |
| vi) | Whether listed company | Listed at The National Stock Exchange of India Limited and The Bombay Stock Exchange Limited |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | M/s. Alankit Assignments Limited, Alankit Heights, Address: 1E/13, Jhandewalan Extension, New Delhi-110055. Phone: 011-42541234 & 23541234, Fax:011-41543474, E-mail: rta@alankit.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products /services | NIC Code of the Product/service | % to total turnover of the Company |
|---------|---|---------------------------------|------------------------------------|
| 1 | Investment Business | 6430 | 97.64% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/Subsidiary/ Associate Company | % of shares held | Applicable Section |
|---------|---|---------------------------|---------------------------------------|------------------|--------------------|
| 1 | Vardhman Textiles Limited, Vardhman Premises, Chandigarh Road, Ludhiana-141010 | L17111PB1973 PLC003345 | Associate Company | 24.35% | 2(6) |



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|---------------|------------------|-------------------|---|---------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 144,729 | 0 | 144,729 | 4.53 | 106,830 | 0 | 106,830 | 3.35 | -1.18 |
| b) Central Govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt (s). | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corporate* | 2,137,479 | 0 | 2,137,479 | 66.97 | 1,234,841 | 0 | 1,234,841 | 38.69 | -28.28 |
| e) Banks/Fis | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e-i) Limited Liability Partnership | 108,233 | 0 | 108,233 | 3.40 | 1,048,770 | 0 | 1,048,770 | 32.86 | 29.46 |
| f) Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A) (1):- | 2,390,441 | 0 | 2,390,441 | 74.90 | 2,390,441 | 0 | 2,390,441 | 74.90 | 0.00 |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Other- Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Banks/Fis | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Others | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A) (2):- | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Shareholding of Promoters (A)= (A)(1)+(A)(2) | 2,390,441 | 0 | 2,390,441 | 74.90 | 2,390,441 | 0 | 2,390,441 | 74.90 | 0.00 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 1,860 | 20 | 1,880 | 0.06 | 1,860 | 20 | 1,880 | 0.06 | 0.00 |
| b) Banks/Fis | 32,431 | 1480 | 33,911 | 1.06 | 31,412 | 260 | 31,672 | 0.99 | -0.07 |
| c) Central Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt (s). | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h) Foreign Institutional Investors | 95,312 | 70 | 95,382 | 2.99 | 95,312 | 70 | 95,382 | 2.99 | 0.00 |
| i) Others (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-Total (B)(1):- | 129,603 | 1570 | 131,173 | 4.11 | 128,584 | 350 | 128,934 | 4.04 | -0.07 |
| 2. Non Institutions | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 172,791 | 4095 | 176,886 | 5.54 | 167,409 | 3046 | 170,455 | 5.34 | -0.20 |
| ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to ₹ 2 lakh | 242,588 | 89649 | 332,237 | 10.41 | 231,385 | 85848 | 317,233 | 9.94 | -0.47 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh. | 160,160 | 0 | 160,160 | 5.02 | 183,737 | 0 | 183,737 | 5.76 | 0.74 |
| c) Any Other (specify) | | | | | | | | | |
| i) Non-Resident Indians | 487 | 142 | 629 | 0.02 | 584 | 142 | 726 | 0.02 | 0.00 |
| ii) Trusts & Foundations | 10 | 0 | 10 | 0.00 | 10 | 0 | 10 | 0.00 | 0.00 |
| Sub-Total (B)(2) | 576,036 | 93,886 | 669,922 | 20.99 | 583,125 | 89,036 | 672,161 | 21.06 | 0.07 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 705,639 | 95,456 | 801,095 | 25.10 | 711,709 | 89,386 | 801,095 | 25.10 | 0.00 |
| C) Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total (A+B+C) | 3,096,080 | 95,456 | 3,191,536 | 100.00 | 3,102,150 | 89,386 | 3,191,536 | 100.00 | 0.00 |

* During FY 2014-15, Adinath Investment & Trading Company got converted into Adishwar Enterprises LLP & therefore in previous year 940,537 Shares of Adishwar Enterprises LLP was under process of change in nomenclature of demat accounts. In FY 2015-16 the said process got completed.

ii) Shareholding of Promoters

| Name of Shareholders | Shareholding at the beginning of the Year | | | Shareholding at the end of the Year | | % Change in Shareholding during the year | |
|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|----------|
| | No. of Shares | % of total Shares of the Company | % of Shares pledged/encumbered to total Shares | No. of Shares | % of total Shares of the Company | | |
| Adishwar Enterprises LLP | 1,048,770 | 32.86 | 0.00 | 1,048,770 | 32.86 | 0.00 | 0 |
| Devakar Investment & Trading Company Private Limited | 806,353 | 25.27 | 0.00 | 806,353 | 25.27 | 0.00 | 0 |
| Flamingo Finance & Investment Company Limited | 50,671 | 1.59 | 0.00 | 50,671 | 1.59 | 0.00 | 0 |
| Anklesh Investments Private Limited | 11,698 | 0.37 | 0.00 | 11,698 | 0.37 | 0.00 | 0 |
| Marshall Investment and Trading Company Private Limited | 22,331 | 0.70 | 0.00 | 22,331 | 0.70 | 0.00 | 0 |
| Ramaniya Finance and Investment Company Limited | 29,343 | 0.92 | 0.00 | 29,343 | 0.92 | 0.00 | 0 |
| Santon Finance and Investment Company Limited | 12,266 | 0.38 | 0.00 | 12,266 | 0.38 | 0.00 | 0 |
| Plaza Trading Company Private Limited | 140 | 0.00 | 0.00 | 140 | 0.00 | 0.00 | 0 |
| Pradeep Mercantile Company Private Limited | 249,072 | 7.80 | 0.00 | 249,072 | 7.80 | 0.00 | 0 |
| Srestha Holdings Limited | 133 | 0.00 | 0.00 | 133 | 0.00 | 0.00 | 0 |
| Syracuse Investment & Trading Company Private Limited | 4,603 | 0.14 | 0.00 | 4,603 | 0.14 | 0.00 | 0 |
| Mahavir Spinning Mills Private Limited | 10,332 | 0.32 | 0.00 | 10,332 | 0.32 | 0.00 | 0 |
| Mr. S.P. Oswal | 56,880 | 1.78 | 0.00 | 56,880 | 1.78 | 0.00 | 0 |
| Shakun Oswal | 19,084 | 0.60 | 0.00 | 19,084 | 0.60 | 0.00 | 0 |
| Suchita Jain | 28,416 | 0.89 | 0.00 | 28,416 | 0.89 | 0.00 | 0 |
| Sachit Jain | 2,330 | 0.07 | 0.00 | 2,330 | 0.07 | 0.00 | 0 |
| Soumya Jain | 80 | 0.00 | 0.00 | 80 | 0.00 | 0.00 | 0 |
| Sagrika Jain | 40 | 0.00 | 0.00 | 40 | 0.00 | 0.00 | 0 |
| Eastern Trading Company | 9,840 | 0.31 | 0.00 | 9,840 | 0.31 | 0.00 | 0 |
| Ambar Syndicate | 6,689 | 0.21 | 0.00 | 6,689 | 0.21 | 0.00 | 0 |
| Northern Trading Company | 13,760 | 0.43 | 0.00 | 13,760 | 0.43 | 0.00 | 0 |
| Paras Syndicate | 7,610 | 0.24 | 0.00 | 7,610 | 0.24 | 0.00 | 0 |
| TOTAL | 2,390,441 | 74.90 | 0.00 | 2,390,441 | 74.90 | 0.00 | 0 |

(iii) Change of Promoters' Shareholding (Please specify, if there is no change) : There was no change in promoter shareholding during FY 2015-16.

| Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------------|---|----------------------------------|---|----------------------------------|
| | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| Nil | Nil | Nil | Nil | Nil |



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | Name | Shareholding at the beginning of the year | | Date | Increase/decrease in shareholding | Reason of change | Cumulative shareholding during the Financial Year 2014-15 | |
|---------|---|---|----------------------------------|------------|-----------------------------------|------------------------------|---|----------------------------------|
| | | No. of share | % of total shares of the Company | | | | No. of share | % of total shares of the Company |
| 1 | CD EQUIFINANCE PRIVATE LIMITED* | 131,251 | 4.11 | 01.04.2015 | | | | |
| | | | | | 0 | Nil Movement During the year | 131,251 | 4.11 |
| | | 131,251 | 4.11 | 31.03.2016 | | | | |
| 2 | BARING INDIA PRIVATE EQUITY FUND III LISTED | 71,484 | 2.24 | 01.04.2015 | | | | |
| | | | | | 0 | Nil Movement During the year | 71,484 | 2.24 |
| | | 71,484 | 2.24 | 31.03.2016 | | | | |
| 3 | ANIL KUMAR GOEL | 65,712 | 2.06 | 01.04.2015 | | | | |
| | | | | 10.04.2015 | 5,288 | Purchased | 71,000 | 2.22 |
| | | | | 17.04.2015 | 3,819 | Purchased | 74,819 | 2.34 |
| | | | | 24.04.2015 | 656 | Purchased | 75,475 | 2.36 |
| | | | | 01.05.2015 | 218 | Purchased | 75,693 | 2.37 |
| | | | | 15.05.2015 | 672 | Purchased | 76,365 | 2.39 |
| | | | | 22.05.2015 | 195 | Purchased | 76,560 | 2.40 |
| | | | | 29.05.2015 | 495 | Purchased | 77,055 | 2.41 |
| | | | | 05.06.2015 | 3,970 | Purchased | 81,025 | 2.54 |
| | | | | 12.06.2015 | 320 | Purchased | 81,345 | 2.55 |
| | | | | 26.05.2015 | 19 | Purchased | 81,364 | 2.55 |
| | | | | 03.07.2015 | 36 | Purchased | 81,400 | 2.55 |
| | | | | 24.07.2015 | 16 | Purchased | 81,416 | 2.55 |
| | | | | 31.07.2015 | 245 | Purchased | 81,661 | 2.56 |
| | | | | 21.08.2015 | 209 | Purchased | 81,870 | 2.57 |
| | | | | 28.08.2015 | 568 | Purchased | 82,438 | 2.58 |
| | | | | 04.09.2015 | 332 | Purchased | 82,770 | 2.59 |
| | | | | 11.09.2015 | 1,699 | Purchased | 84,469 | 2.65 |
| | | | | 18.09.2015 | 121 | Purchased | 84,590 | 2.65 |
| | | | | 26.09.2015 | 192 | Purchased | 84,782 | 2.66 |
| | | | | 30.09.2015 | 13 | Purchased | 84,795 | 2.66 |
| | | | | 09.10.2015 | 326 | Purchased | 85,121 | 2.67 |
| | | | | 16.10.2015 | 155 | Purchased | 85,276 | 2.67 |
| | | | | 23.10.2015 | 1,626 | Purchased | 86,902 | 2.72 |
| | | | | 30.10.2015 | 171 | Purchased | 87,073 | 2.73 |
| | | | | 06.11.2015 | 48 | Purchased | 87,121 | 2.73 |
| | | | | 27.11.2015 | 179 | Purchased | 87,300 | 2.74 |
| | | | | 04.12.2015 | 310 | Purchased | 87,610 | 2.75 |
| | | | | 18.12.2015 | 7 | Purchased | 87,617 | 2.75 |
| | | | | 25.12.2015 | 15 | Purchased | 87,632 | 2.75 |
| | | | | 31.12.2015 | 1 | Purchased | 87,633 | 2.75 |
| | | | | 08.01.2016 | 17 | Purchased | 87,650 | 2.75 |
| | | | | 15.01.2016 | 68 | Purchased | 87,718 | 2.75 |
| | | | | 22.01.2016 | 1,151 | Purchased | 88,869 | 2.78 |
| | | | | 29.01.2016 | 50 | Purchased | 88,919 | 2.79 |
| | | | | 19.02.2016 | 122 | Purchased | 89,041 | 2.79 |
| | | | | 26.02.2016 | 18 | Purchased | 89,059 | 2.79 |
| | | | | 18.03.2016 | 230 | Purchased | 89,289 | 2.80 |
| | | 89,289 | 2.80 | 31.03.2016 | | | | |
| 4 | ANAND NARESHBHAI SHAH | 61,448 | 1.93 | 01.04.2015 | | | | |
| | | | | | 0 | Nil Movement During the year | 61,448 | 1.93 |
| | | 61,448 | 1.93 | 31.03.2016 | | | | |
| 5 | SEEMA GOEL | 33,000 | 1.03 | 01.04.2015 | | | | |
| | | | | | 0 | Nil Movement during the year | 33,000 | 1.03 |
| | | 33,000 | 1.03 | 31.03.2016 | | | | |
| 6 | THE ORIENTAL INSURANCE COMPANY LIMITED | 32,421 | 1.02 | 01.04.2015 | | | | |
| | | | | 26.06.2015 | -1,000 | Sold | 31,421 | 0.98 |
| | | 31,402 | 0.98 | 30.06.2015 | -19 | Sold | 31,402 | 0.98 |
| | | | | 31.03.2016 | | | | |
| 7 | BARING INDIA PRIVATE EQUITY FUND II LISTED | 23,828 | 0.75 | 01.04.2015 | | | | |
| | | | | | 0 | Nil Movement During the year | 23,828 | 0.75 |
| | | 23,828 | 0.75 | 31.03.2016 | | | | |

| Sr. No. | Name | Shareholding at the beginning of the year | | Date | Increase/decrease in shareholding | Reason of change | Cumulative shareholding during the Financial Year 2014-15 | |
|---------|---------------------------------------|---|----------------------------------|------------|-----------------------------------|------------------------------|---|----------------------------------|
| | | No. of share | % of total shares of the Company | | | | No. of share | % of total shares of the Company |
| 8 | INDIAN SYNTANS INVESTMENTS (P) LTD. | 10,000 | 0.31 | 01.04.2015 | | | | |
| | | | | | 0 | Nil Movement During the year | 10,000 | 0.31 |
| | | 10,000 | 0.31 | 31.03.2016 | | | | |
| 9 | NAGDEVI TRADING & INVESTMENT CO. LTD. | 7,469 | 0.23 | 01.04.2015 | | | | |
| | | | | | 0 | Nil Movement During the year | 7,469 | 0.23 |
| | | 7,469 | 0.23 | 31.03.2016 | | | | |
| 10 | SHANTILAL J. PAREKH (HUF)** | 6,896 | 0.22 | 01.04.2015 | | | | |
| | | | | | 0 | Nil Movement During the year | 6,896 | 0.22 |
| | | 6,896 | 0.22 | 31.03.2016 | | | | |
| 11 | JAGDISH U THACKERSEY* | 2,819 | 0.09 | 01.04.2015 | | | | |
| | | | | 08.05.2015 | 1,110 | Purchased | 3,929 | 0.12 |
| | | | | 29.05.2015 | 750 | Purchased | 4,679 | 0.15 |
| | | | | 05.06.2015 | 1,466 | Purchased | 6,145 | 0.19 |
| | | | | 12.06.2015 | 1,550 | Purchased | 7,695 | 0.24 |
| | | | | 26.06.2015 | 1,135 | Purchased | 8,830 | 0.28 |
| | | | | 30.06.2015 | 550 | Purchased | 9,380 | 0.29 |
| | | 9,380 | 0.29 | 31.03.2016 | | | | |

Note: * Not in the Top 10 shareholders as on 01.04.2015. The same is reflected above since the Shareholder was one of the Top 10 shareholders as on 31.03.2016.
 ** Ceased to be in the list of Top 10 Shareholders as on 31.03.2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01.04.2015.

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Particulars | Shareholding at the beginning of the year | | Date | Increase/decrease in shareholding | Reason of change | Cumulative Shareholding during the year | |
|----------|--------------------------------------|---|----------------------------------|------------|-----------------------------------|------------------|---|----------------------------------|
| | | No. of share | % of total shares of the Company | | | | No. of share | % of total shares of the Company |
| A | DIRECTORS | | | | | | | |
| 1 | Shri Paul Oswal | 56,880 | 1.78 | 01.04.2015 | | Nil Movement | | |
| | | 56,880 | 1.78 | 31.03.2016 | 0 | During the year | 56,880 | 1.78 |
| 2 | Sachit Jain | 2,330 | 0.07 | 01.04.2015 | | Nil Movement | | |
| | | 2,330 | 0.07 | 31.03.2016 | 0 | During the year | 2,330 | 0.07 |
| 3 | Suchita Jain | 28,416 | 0.89 | 01.04.2015 | | Nil Movement | | |
| | | 28,416 | 0.89 | 31.03.2016 | 0 | During the year | 28,416 | 0.89 |
| 4 | Chaman Lal Jain | 05 | 0.00 | 01.04.2015 | | Nil Movement | | |
| | | 05 | 0.00 | 31.03.2016 | 0 | During the year | 05 | 0.00 |
| 5 | Surinder Singh Bagai | 770 | 0.02 | 01.04.2015 | | Nil Movement | | |
| | | 770 | 0.02 | 31.03.2016 | 0 | During the year | 770 | 0.02 |
| 6 | Sat Pal Kanwar | 1,212 | 0.04 | 01.04.2015 | | Nil Movement | | |
| | | 1,212 | 0.04 | 31.03.2016 | 0 | During the year | 1,212 | 0.04 |
| 7 | Om Parkash Sharma | 0 | 0.00 | 01.04.2015 | | Nil Movement | | |
| | | 0 | 0.00 | 31.03.2016 | 0 | During the year | 0 | 0.00 |
| 8 | Apinder Sodhi | 0 | 0.00 | 01.04.2015 | | Nil Movement | | |
| | | 0 | 0.00 | 31.03.2016 | 0 | During the year | 0 | 0.00 |
| 9 | Jagdish Rai Singal | 10 | 0.00 | 01.04.2015 | | Nil Movement | | |
| | | 10 | 0.00 | 31.03.2016 | 0 | During the year | 10 | 0.00 |
| B | KEY MANEGERIAL PERSONNEL | | | | | | | |
| 1 | Shakun Oswal (ED) | 19,084 | 0.60 | 01.04.2015 | | Nil Movement | | |
| | | 19,084 | 0.60 | 31.03.2016 | 0 | During the year | 19,084 | 0.60 |
| 2 | Poorva Bhatia (CFO) | 0 | 0.00 | 01.04.2015 | | Nil Movement | | |
| | | 0 | 0.00 | 31.03.2016 | 0 | During the year | 0 | 0.00 |
| 3 | Tanu Berry/Amrender Kumar Yadav (CS) | 0 | 0.00 | 01.04.2015 | | Nil Movement | | |
| | | 0 | 0.00 | 31.03.2016 | 0 | During the year | 0 | 0.00 |

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

| Indebtedness at the beginning of the Financial Year | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|---|------------------------|-----------------|---------------------------|
| i) Principal Amount | Nil | Nil | Nil | Nil |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| Total (i+ii+iii) | Nil | Nil | Nil | Nil |
| Change in Indebtedness during the Financial Year | | | | |
| * Addition | Nil | Nil | Nil | Nil |
| * Reduction | Nil | Nil | Nil | Nil |
| Net Change | Nil | Nil | Nil | Nil |
| Indebtedness at the end of the Financial Year | Nil | Nil | Nil | Nil |
| i) Principal Amount | Nil | Nil | Nil | Nil |
| ii) Interest due but not paid | Nil | Nil | Nil | Nil |
| iii) Interest accrued but not due | Nil | Nil | Nil | Nil |
| Total (i+ii+iii) | Nil | Nil | Nil | Nil |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Name of MD/ WTD/Manager | Total Amount (in ₹) |
|----------------|--|--------------------------------|----------------------------|
| | | SHAKUN OSWAL | |
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | - - - | - - - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission - as % of profit - others, specify | - - - | - - - |
| 5 | Others, please specify | - | - |
| | Total (A) | | - |
| | Ceiling as per the Act | | 24,731,767 |

B. Remuneration to other Directors:

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | Total Amount | |
|---------|--|------------------------|----------------------|--------------------|-------------------|----------------|----------------|--------------------|----------|
| | | Chaman Lal Jain | Surinder Singh Bagai | Jagdish Rai Singal | Om Parkash Sharma | Apinder Sodhi | Sat Pal Kanwar | | |
| 1. | Independent Directors | | | | | | | | |
| | Fee for attending board/committee meetings | 17,500 | 10,000 | 10,000 | 35,000 | 100,250 | 82,750 | 255,500 | |
| | Commission | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Others, please specify | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Total (1) | 17,500 | 10,000 | 10,000 | 35,000 | 100,250 | 82,750 | 255,500 | |
| 2. | Other Non-Executive Directors | | | | | | | | |
| | Fee for attending board/committee meetings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Commission | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | Others, please specify | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | Total (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Total (B)=(1+2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total Managerial Remuneration | 17,500 | 10,000 | 10,000 | 35,000 | 100,250 | 82,750 | 255,500 | |
| | Overall Ceiling as per the Act | | | | | | | 543,909,888 | |

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(Amount in ₹)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | | Total |
|---------|---|--------------------------|-------------------|----------------------|----------------|----------------|
| | | CEO | Company Secretary | Company Secretary | CFO | |
| 1 | Gross salary | NA | Tanu Berry | Amrender Kumar Yadav | Poorva Bhatia | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | 265,834 | 76,528 | 589,853 | 932,215 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | 0.00 | 0.00 | 0 | 0.00 |
| | (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | | 0.00 | 0.00 | 0 | 0.00 |
| 2 | Stock Option | | 0.00 | 0.00 | 0 | 0.00 |
| 3 | Sweat Equity | | 0.00 | 0.00 | 0 | 0.00 |
| 4 | Commission | | | | | |
| | - as % of profit | | 0.00 | 0.00 | 0 | 0.00 |
| | - others, specify | | 0.00 | 0.00 | 0 | 0.00 |
| 5 | Others, please specify | | 0.00 | 0.00 | 0 | 0.00 |
| | Total | - | 265,834 | 76,528 | 589,853 | 932,215 |

VII Penalties/Punishment/Compounding of offences:

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/Compounding fees imposed | Authority [RD/NCLT/COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|--|---------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| B. DIRECTORS | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |

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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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. GROUP 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, an Executive Director and Eight Non-Executive Directors. Out of the total strength of Ten (10) Directors, five Directors are independent.

b) Board Meetings:

During the Financial Year 2015-2016, the Board met Four (4) times on 23.05.2015, 12.08.2015, 14.11.2015 and 10.02.2016.

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 2015-16 are given as follows:-

| Name of Director | Designation and Category | Number of Board Meetings attended | Attendance at Last Annual General Meeting | Directorships in other Companies | Other Committee Memberships | Board Chairmanships in other companies | Committee Chairmanships in other companies |
|----------------------|--|-----------------------------------|---|----------------------------------|-----------------------------|--|--|
| Shri Paul Oswal | Non Executive Chairman Non Independent | 4 | No | 10 | 2 | 4 | - |
| Shakun Oswal | Executive Director, Non Independent | 1 | No | 3 | - | - | - |
| Sachit Jain | Non Executive Director, Non Independent | 1 | Yes | 7 | 6 | - | 2 |
| Suchita Jain | Non Executive Director, Non Independent | 2 | No | 8 | 3 | - | - |
| Chaman Lal Jain | Non Executive Director Non Independent | 1 | No | - | - | - | - |
| Apinder Sodhi | Non-Executive, Independent Director | 4 | Yes | 2 | 5 | - | - |
| Surinder Singh Bagai | Non Executive, Independent Director | 1 | No | 1 | - | - | - |
| Jagdish Rai Singal | Non Executive, Independent Director | 1 | No | 5 | - | - | - |
| Om Parkash Sharma | Non Executive, Independent Director | 2 | No | - | - | - | - |
| Sat Pal Kanwar | Non-Executive, Independent Director | 3 | Yes | - | - | - | - |

3. AUDIT COMMITTEE:

The Audit Committee of the Board of Directors was constituted in conformity with the requirements of the Listing Obligations and Disclosures Regulations, 2015 as well as Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee are as set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Audit Committee comprises of three directors viz. Mrs. Apinder Sodhi, Mr. Sat Pal Kanwar and Mr. Om Parkash Sharma. Mrs. Apinder Sodhi is the Chairperson of the Committee. All members of the Audit Committee are financially literate and have accounting or related financial management expertise. Statutory Auditors, Internal Auditors and Chief Financial Officer are permanent invitees to the Committee. The Company Secretary is the Secretary to this Committee.

During the Financial Year 2015-16, the Audit Committee met Four (4) times on 23.05.2015, 12.08.2015, 14.11.2015 and 10.02.2016.

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

| Committee Members | Category | No. of Audit Committee Meetings Attended |
|-------------------|-------------------------------------|--|
| Apinder Sodhi | Non-Executive, Independent Director | 4 |
| Sat Pal Kanwar | Non-Executive, Independent Director | 3 |
| Om Parkash Sharma | Non-Executive, Independent Director | 2 |

4. NOMINATION AND REMUNERATION COMMITTEE :

i. Committee – constitution, policy & meeting details:

The constitution and terms of reference of Nomination & Remuneration committee of the Board of Directors was in conformity with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 178 of the Companies Act, 2013. The said committee consisting of three directors viz. Mrs. Apinder Sodhi, Mr. Sachit Jain and Mr. S.P. Kanwar. Mrs. Apinder Sodhi is the Chairperson of said Committee. During the Financial Year 2015-16, the Committee met twice and all the members were attended the said committee.

The Company's approved Nomination & Policy is already attached with Board Report (pls refer **Annexure 4** of Director's Report).

ii. Remuneration details:

a) Executive Director:

The Company pays NIL remuneration to the Executive Director during the Financial Year 2015-16.

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 2015-16 is given below:-

| S.No. | Name of The Director | Sitting fee (₹) |
|-------|----------------------|-----------------|
| 1. | Chaman Lal Jain | 17,500 |
| 2. | Surinder Singh Bagai | 10,000 |
| 3. | Jagdish Rai Singal | 10,000 |
| 4. | Om Parkash Sharma | 35,000 |
| 5. | Apinder Sodhi | 100,250 |
| 6. | Sat Pal Kanwar | 75,250 |

iii. Shareholding:

The shareholding of the Directors in the equity share capital of the Company as at 31st March, 2016 given as follows:-

| S.No. | Name of Director | Number of Shares held | S.No. | Name of Director | Number of Shares held |
|-------|------------------|-----------------------|-------|----------------------|-----------------------|
| 1. | Shri Paul Oswal | 56,880 | 6. | Chaman Lal Jain | 5 |
| 2. | Shakun Oswal | 19,084 | 7. | Om Parkash Sharma | NIL |
| 3. | Sachit Jain | 2,330 | 8. | Jagdish Rai Singal | 10 |
| 4. | Suchita Jain | 28,416 | 9. | Surinder Singh Bagai | 770 |
| 5. | Apinder Sodhi | NIL | 10. | Sat Pal Kanwar | 1,212 |

iv. Relationship inter se:

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

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE (STAKEHOLDERS RELATIONSHIP) :

To look into the redressal of investors' complaints on various issues, the Company constituted a Shareholders'/Investors' Grievance Committee. Pursuant to provisions of Section 178 (5) of the Companies Act, 2013, the Board of Directors in their meeting held on 9th August 2014, recognised and renamed the said committee as "Stakeholders Relationship Committee".

The Investors' Grievance Committee presently comprises of Mr. Sachit Jain, Mr. S.P. Kanwar and Mrs. Apinder Sodhi. The Chairman and Compliance Officer of the Committee is Mr. Sachit Jain.

During the Financial Year 2015-16, one meeting of the Investors' Grievance Committee was held on 28th March, 2016.

During the Financial Year 2015-16, the Company had received 41 complaints. The complaints are related to transfer, dematerialisation, dividend etc., and all the complaints have been duly resolved by the Company. Further, there is no pendency in respect of shares received for transfer during the Financial Year 2015-16.

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 and Time of the Meeting | Venue | Number of Special Resolutions |
|--|--|--|-------------------------------|
| 31 st March, 2015 51 st AGM | Friday, 4 th September, 2015 at 5.00 p.m. | Registered. Office, Chandigarh Road, Ludhiana-141 010. | Nil |
| 31 st March, 2014 50 th AGM | Thursday, 25 th September, 2014 at 3.00 p.m. | Registered. Office, Chandigarh Road, Ludhiana-141 010. | 2 |
| 31 st March, 2013 49 th AGM | Saturday, 31 st August, 2013 at 5.00 p.m. | Registered. Office, Chandigarh Road, Ludhiana-141 010. | Nil |

b. Postal Ballot related Information:

The Company has not passed any resolution through Postal Ballot during the Financial Year 2015-16.

7. DISCLOSURES:

- There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large.
- 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.

- c. The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The policy on "Vigil Mechanism and Whistle Blower" may be accessed on the Company's website at https://www.vardhman.com/user_files/investor/5a743d3b9b143130ad8cc8fbb5845a504d81a531436265717.pdf. During the year no personnel has been denied access to the audit committee.
- d. Further, the Company has complied with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company may also take-up the non-mandatory requirements of Listing Regulations, 2015 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 'Financial Express' and 'Desh Sewak'. The Financial Results of the Company are also made available at the web-site of the Company www.vardhman.com.

9. GENERAL SHAREHOLDERS INFORMATION:

i) 52nd Annual General Meeting:

| | |
|-------|---|
| Date | : 5 th September, 2016 |
| Time | : 3.00 P.M. |
| Venue | : Registered Office: Vardhman Premises, Chandigarh Road, Ludhiana-141 010 |

ii) Financial Calendar 2016-2017 (Tentative):

| | |
|------------------------|-----------------|
| First Quarter Results | : August, 2016 |
| Second Quarter Results | : October, 2016 |
| Third Quarter Results | : January, 2017 |
| Annual Results | : May, 2017 |

iii) Dates of Book Closure : 13th August, 2016 to 5th September, 2016 (Both days inclusive)

iv) Dividend payment date : within 30 days after declaration.

v) Listing :

The equity shares of the Company are listed on the following Stock Exchanges:

1. The Bombay Stock Exchange Limited (BSE),
Floor 25, P.J. Towers, Dalal Street, Mumbai-400 001.
2. The National Stock Exchange of India Limited (NSE),
"Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai-400 051.

The Company has duly paid the listing fee to both the aforesaid Stock Exchanges for the Financial Year 2015-16.

vi) Stock Code

- The National Stock Exchange of India Ltd. (NSE) : VHL
- The Bombay Stock Exchange Limited (BSE) : 500439



Vardhman

vii) Stock Market Data

The month-wise highest, lowest and closing stock prices of the Company in NSE & BSE during the Financial Year 2015-16 are given as follows: -

| Financial Year 2015-16 | Share Prices of the Company on NSE | | | | Share prices of the Company on BSE | | | |
|---------------------------|------------------------------------|---------------|----------------|--|------------------------------------|---------|---------|--|
| | Highest (₹) | Lowest (₹) | Closing (₹) | Percent change over last month's closing | Highest | Lowest | Closing | Percent change over last month's closing |
| April | 986.00 | 716.00 | 869.05 | 15.41 | 898.00 | 740.00 | 890.00 | 18.67 |
| May | 918.95 | 800.05 | 900.00 | 3.56 | 920.00 | 705.50 | 897.75 | 0.87 |
| June | 1025.00 | 907.5 | 945.05 | 5.01 | 1033.00 | 929.00 | 960.25 | 6.96 |
| July | 1094.00 | 931.2 | 1080.00 | 14.28 | 1100.00 | 945.00 | 1045.00 | 8.83 |
| August | 1198.40 | 1000.05 | 1068.90 | (1.03) | 1150.00 | 990.25 | 1098.50 | 5.12 |
| September | 1144.00 | 1034.00 | 1115.00 | 4.31 | 1135.00 | 1045.00 | 1117.00 | 1.68 |
| October | 1140.00 | 923.00 | 1014.10 | (9.05) | 1144.75 | 1050.00 | 1051.00 | (5.91) |
| November | 1080.00 | 950.00 | 1016.00 | 0.19 | 1025.00 | 941.00 | 962.75 | (8.40) |
| December | 990.00 | 930.10 | 975.00 | (4.04) | 999.00 | 940.00 | 952.00 | (1.12) |
| January | 997.00 | 832.10 | 916.10 | (6.04) | 1005.00 | 822.00 | 897.25 | (5.75) |
| February | 960.90 | 810.25 | 847.10 | (7.53) | 925.00 | 821.25 | 878.00 | (2.15) |
| March | 919.95 | 807.70 | 900.00 | 6.24 | 916.25 | 787.75 | 886.25 | 0.94 |

viii) Information regarding dividend payment:

Dividends remaining unpaid/unclaimed upto the Financial Year 2007-2008 have been transferred to the Investors' Education and Protection Fund (IEPF). Further, pursuant to the provisions of Section 124(5) read with Section 125 of the Companies Act, 2013, dividend declared in the Financial Year 2008-2009 and onwards, which remains unpaid/unclaimed for a period of 7 years, is required to be transferred to the IEPF. The last date of transferring the Un-claimed/unpaid dividend for the years 2008-09 is 29th September, 2016. Accordingly, Members who have not claimed/received their dividend for the Financial Year 2008-2009 and onwards are requested to make their claim to the Company immediately.

The Company provides the facility of paying dividend through Electronic Clearing Service (ECS). Shareholders who wish to avail this facility should give necessary directions to Depository Participants (in case shares are held in dematerialised form) or to the Registrar and Transfer Agent of the Company (in case the shares are held in physical form).

ix) Registrar & Transfer Agent:

The work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt with by M/s. Alankit Assignments Limited as per address given below :-

M/s. Alankit Assignments Limited (Unit: Vardhman Holdings Limited)

Alankit Heights, 1E/13, Jhandewalan Extension, New Delhi-110 055.

Phone: 011-42541234 & 23541234, Fax: 011-41543474,

E-mail: rta@alankit.com

x) Share Transfer System:

The Company has constituted a Share Transfer Committee of its Directors. The Committee meets on an average once in every 10 days. The list of valid transfers prepared by the Transfer Agent in respect of transfer cases received by them and objections, if any, are placed before the Committee for its approval/confirmation. The Share Certificates are returned back to the shareholders by Transfer Agent normally within 15 days from the date of receipt by them.

The shares of the Company are traded on the Stock Exchanges compulsorily in dematerialised 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) is **INE701A01023**.

xi) Distribution of Shareholding pattern of the Company as on 31st March, 2016.

| Range of Number of Shares | SHAREHOLDERS | | SHARES | |
|------------------------------|--------------|------------|------------------|------------|
| | Number | Percent | Number | Percent |
| Up to – 500 | 7,042 | 98.28% | 233,314 | 7.31 |
| 501 – 1,000 | 43 | 0.60% | 30,819 | 0.97 |
| 1,001 – 5,000 | 39 | 0.54% | 75,863 | 2.38 |
| 5,001 – 10,000 | 13 | 0.18% | 98,511 | 3.09 |
| 10,001 – Above | 28 | 0.39% | 2,753,025 | 86.26 |
| Total | 7,165 | 100 | 3,191,536 | 100 |

xii) Dematerialisation of shares:

As on 31st March 2016, 97.20 percent of the capital comprising 3,102,150 equity shares out of the total of 3,191,536 equity shares were dematerialized.

xiii) 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.

xiv) Address for correspondence:

Registered Office : Vardhman Premises, Chandigarh Road, Ludhiana-141 010.
 Telephone : 0161-2228943-48
 Fax : 0161-2601048, 2220766
 E-mail : secretarial.lud@vardhman.com

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

**DECLARATION UNDER REGULATION 26 OF
THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

All the Board Members and Senior Management have affirmed compliance to the Code of Conduct for the Financial Year 2015-16.

Place: Ludhiana
Dated: 20th May, 2016

Sd/-
(S.P. Oswal)
Chairman



Vardhman

Vardhman Holdings Limited

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

[Pursuant to Regulation 34 read with Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Shareholders,
Vardhman Holdings Limited

We have examined the compliance of conditions of corporate governance by Vardhman Holdings Limited for the year ended on 31st March, 2016, as stipulated in Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We 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.

M/s. R. Dewan & Company
Chartered Accountants
Firm Registration No.: 017883N

Sd/-
(RAJIV DEWAN)
Partner
Membership No. 084718

Place : Ludhiana
Dated : May 20, 2016

INDEPENDENT AUDITORS' REPORT

To
The Members of
Vardhman Holdings Limited

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vardhman Holdings Limited ('the Company') which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes

evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

8. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profits and its cash flows for the year ended on that date.

9. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure- A, which forms part of this report, a statement on the matters specified in the paragraph 3 and 4 of the Order.

10. As required by section 143(3) of the Act, we report that:

- a. we have sought and 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 it appears from our examination of those books;
- c. the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. on the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of sub-section (2) of section 164 of the Act; and
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure- B"; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us;
 - (i) the Company has no pending litigations which would impact its financial position;
 - (ii) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.



- (iii) there are no amounts required to be transferred to the Investor Education and Protection Fund . by the Company.

**For R. Dewan & Co;
Chartered Accountants
Firm Reg. No.017883N**

**(Rajiv Dewan)
Partner
M. No. 084718**

**Place: Ludhiana
Date: 20th May, 2016**

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2016, we report that:

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) According to information and explanations given to us, Fixed Assets are verified by rotation every year. No discrepancies were observed in the Fixed Assets physically verified during the financial year.
- c) According to information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
- (ii) The company has not held any inventory during the year, therefore, the provisions of clause 3(ii) of the Order are not applicable to the company.
- (iii) According to the information and explanations given to us we report that the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the provisions of paragraph 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has complied with the requirements of the section 186 of the Companies Act, 2013 pursuant to loans granted and investments made. The company has not granted loans to directors or to the person in whom directors are interested. Therefore, the provisions of the section 185 of the Companies Act, 2013 are not applicable to the company.
- (v) According to the information and explanations given to us, the Company has not accepted deposits covered under the provisions of sections 73 to 76 and other relevant provisions of the Companies Act, 2013 and the rules framed there under. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vi) The provisions of Clause 3(vi) of the Order regarding maintenance of cost records is not applicable to the company
- (vii) (a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues

including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of statutory dues payable were outstanding as on the last day of the financial year concerned for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of duty of custom, which have not been deposited with the appropriate authorities on account of any dispute. However according to information and explanations given to us, the following dues of Income Tax has not deposited by the company on account of dispute:

| Nature of Dues/ Name of Statue | Disputed Amount (in ₹) | Forum where dispute is pending |
|-----------------------------------|---------------------------|-----------------------------------|
| Income Tax Act, 1961 | 3,625,730/- | A.Y. 2013-14 CIT (Appeal) |

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution bank or government. The Company has not issued any debentures during the year or in the preceding year.
- (ix) In our opinion and according to the information and explanations given to us, the company has not taken any term loan. The company has not raised money by way of initial public offer of further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of records of company, the company has not paid the managerial remuneration.
- (xii) According to the information and explanation given to us, the company is not a Nidhi Company. Therefore the provisions of paragraph 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanations given to us, and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details of the transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Thus the provisions of paragraph 3(xiii) of the Order are not applicable.
- (xv) According to information and explanations given to us, and based on our examination of the records of the company, the company has not entered into non-cash transactions with director or person connected with him. Accordingly, provisions of paragraph 3 (xv) of the Order are not applicable.

(xvi) The company is registered as a Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India ('RBI') Act, 1934.

**For R. Dewan & Co;
Chartered Accountants
Firm Reg. No. 017883N**

**Place : Ludhiana
Date : 20th May, 2016**

**(Rajiv Dewan)
Partner
M. No. 084718**

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the act')

1. We have audited the internal financial controls over financial reporting of Vardhman Holdings Limited ('the Company') as of 31st March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

2. Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

3. Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected

depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

6. Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

7. Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

8. Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For R. Dewan & Co;
Chartered Accountants
Firm Reg. No. 017883N**

**(Rajiv Dewan)
Partner
M. No. 084718**

**Place : Ludhiana
Date : 20th May, 2016**



Vardhman

Vardhman Holdings Limited

BALANCE SHEET As at 31 March, 2016

(Amount in ₹)

| Particulars | Note No. | As at 31st March 2016 | As at 31st March 2015 |
|------------------------------------|----------|-----------------------|-----------------------|
| I EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 3 | 31,924,360 | 31,924,360 |
| (b) Reserves and surplus | 4 | 2,751,201,357 | 2,281,027,980 |
| | | 2,783,125,717 | 2,312,952,340 |
| (2) Non-current liabilities | | | |
| (a) Long-term borrowings | | - | - |
| (b) Deferred tax liabilities (net) | 5 | - | 43,590 |
| (c) Other long term liabilities | | - | - |
| (d) Long-term provisions | 6 | 20,974 | 9,742 |
| | | 20,974 | 53,332 |
| (3) Current liabilities | | | |
| (a) Short-term borrowings | | - | - |
| (b) Trade payables | | - | - |
| (c) Other current liabilities | 7 | 7,788,444 | 7,203,992 |
| (d) Short-term provisions | 8 | 11,771,903 | 11,526,085 |
| | | 19,560,347 | 18,730,077 |
| TOTAL | | 2,802,707,038 | 2,331,735,749 |
| II ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 9 | 9,756,302 | 10,162,630 |
| (ii) Intangible assets | | - | - |
| (iii) Capital work-in-progress | | - | - |
| | | 9,756,302 | 10,162,630 |
| (b) Deferred tax assets (net) | 10 | 7,118,215 | - |
| (c) Non-current investments | 11 | 844,619,281 | 778,230,988 |
| (d) Long-term loans and advances | 12 | 24,186,437 | 1,869,871 |
| (e) Other non-current assets | | - | - |
| | | 885,680,235 | 790,263,489 |
| (2) Current assets | | | |
| (a) Current investments | 13 | 1,862,700,658 | 1,497,192,007 |
| (b) Inventories | | - | - |
| (c) Trade receivables | | - | - |
| (d) Cash and bank balances | 14 | 6,237,870 | 5,423,636 |
| (e) Short-term loans and advances | | - | - |
| (f) Other current assets | 15 | 48,088,275 | 38,856,617 |
| | | 1,917,026,803 | 1,541,472,260 |
| TOTAL | | 2,802,707,038 | 2,331,735,749 |

Significant Accounting Policies and notes forming part of financial statements

1 to 29

As per our report of even date

Fro R. Dewan & Co.

Chartered Accountants

Firm Regn. No. 017883N

Rajiv Dewan

Partner

M. No. 084718

Amrender Yadav

Company Secretary

Poorva Bhatia

Chief Financial Officer

For and on behalf of the board of directors

Suchita Jain

Director

DIN: 00746471

S.P.Oswal

Chairman

DIN: 00121737

PLACE : LUDHIANA

DATED : 20-05-2016

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2016

(Amount in ₹)

| Particulars | Note No. | For the year ended 31st March 2016 | For the year ended 31st March 2015 |
|--|----------|------------------------------------|------------------------------------|
| i Revenue from operations | 16 | 518,394,667 | 303,277,001 |
| ii Other income | 17 | 12,515,781 | 21,908,588 |
| iii Total Revenue (i + ii) | | 530,910,448 | 325,185,589 |
| iv Expenses : | | | |
| Employee benefits expense | 18 | 1,307,039 | 75,862 |
| Depreciation and amortization expenses | 9 | 406,328 | 413,636 |
| Other expenses | 19 | 34,561,736 | 13,363,175 |
| Total Expenses | | 36,275,103 | 13,852,673 |
| v Profit before tax (iii - iv) | | 494,635,345 | 311,332,916 |
| vi Tax expense : | | | |
| - Current Tax | | 25,200,000 | 18,740,000 |
| - Deferred tax | | (7,161,805) | 43,590 |
| - Mat Credit Entitlement | | (5,100,000) | (10,430,000) |
| vii Profit for the year (v - vi) | | 481,697,150 | 302,979,326 |
| Earnings per equity share | | | |
| [Earning per equity share ₹ 10/- (Previous Year: ₹ 10)] | | | |
| Basic | | 150.93 | 94.93 |
| Diluted | | 150.93 | 94.93 |
| Earnings per equity share (Excluding extraordinary items) | | | |
| [Earning per equity share ₹ 10/- (Previous Year: ₹ 10)] | | | |
| Basic | | 150.93 | 94.93 |
| Diluted | | 150.93 | 94.93 |

Significant Accounting Policies and notes forming part of financial statements

1 to 29

As per our report of even date

Fro R. Dewan & Co.
Chartered Accountants
Firm Regn. No. 017883N

For and on behalf of the board of directors

Rajiv Dewan
Partner
M. No. 084718

Amrender Yadav
Company Secretary

Poorva Bhatia
Chief Financial Officer

Suchita Jain
Director
DIN: 00746471

S.P.Oswal
Chairman
DIN: 00121737

PLACE : LUDHIANA
DATED : 20-05-2016



Vardhman

Vardhman Holdings Limited

CASH FLOW STATEMENT for the year ended 31st March,2016

(Amount in ₹)

| Particulars | For the year ended 31st March 2016 | For the year ended 31st March 2015 |
|--|---------------------------------------|---------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and extraordinary items | 494,635,345 | 311,332,916 |
| Adjustments for : | | |
| Depreciation and amortization | 406,328 | 413,636 |
| Net Gain on sale of Current Investments | (88,593,080) | (82,135,831) |
| Adjustment to the carrying amount of investment | 20,742,583 | (8,950,990) |
| Provisions no longer required written Back | - | (204,738) |
| | (67,444,169) | (90,877,923) |
| Operating profit before working capital changes | 427,191,176 | 220,454,993 |
| Adjustments for : | | |
| (Increase)/Decrease in trade receivables & other assets | (28,318,095) | 15,030,060 |
| Increase/(Decrease) in trade payables and other liabilities | 715,022 | 3,997,025 |
| | (27,603,073) | 19,027,085 |
| Cash Generation from Operations | 399,588,102 | 239,482,078 |
| Taxes Paid | (23,330,129) | (17,615,622) |
| Net Cash flow from / (used in) Operating activities (A) | 376,257,974 | 221,866,456 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Investments | (508,912,943) | (1,211,435,884) |
| Sale of Investments | 144,866,498 | 1,002,139,948 |
| Net Cash flow from / (used in) Investing activities (B) | (364,046,446) | (209,295,936) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend Paid (including tax thereon) | (11,397,294) | (11,193,357) |
| Net Cash flow from/(used in) Financing Activities (C) | (11,397,294) | (11,193,357) |
| Net Increase in cash & cash equivalents (A+B+C) | 814,234 | 1,377,163 |
| Cash & cash equivalents as at the beginning | 5,423,636 | 4,046,473 |
| Cash & cash equivalents as at the end | 6,237,870 | 5,423,636 |

Significant Accounting Policies and notes forming part of financial statements

1 to 29

As per our report of even date

Fro R. Dewan & Co.

Chartered Accountants

Firm Regn. No. 017883N

For and on behalf of the board of directors

Rajiv Dewan

Partner

M. No. 084718

Amrender Yadav

Company Secretary

Poorva Bhatia

Chief Financial Officer

Suchita Jain

Director

DIN: 00746471

S.P.Oswal

Chairman

DIN: 00121737

PLACE : LUDHIANA

DATED : 20-05-2016

Notes to Financial Statements for the year ended March 31, 2016

1. CORPORATE INFORMATION :

Vardhman Holdings Limited ('the company') is registered as a Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India ('RBI') Act, 1934. The company is principally engaged in lending and investing activities.

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

2. SIGNIFICANT ACCOUNTING POLICIES :

a) Accounting Convention:

The accounts are prepared in accordance with generally accepted accounting principles under the historical cost convention on accrual basis in accordance with the applicable accounting standards prescribed under section 133 of Companies Act, 2013 read with rule 7 of The Companies (Accounts) rules, 2014.

b) Use of Estimates:

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

c) Revenue Recognition:

i) Income from Investments:

Dividend income is recognized when the company's right to receive payment is established.

ii) Interest Income:

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

iii) Receipt against License Agreement:

Revenue in respect of receipt against License Agreement is recognized on accrual basis in accordance with the terms of the relevant agreement.

d) Employee Benefits:

(a) Short Term Employee Benefits:

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of Profit and 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 eligible employees covered under the scheme is provided through a policy taken from Life Insurance Corporation of India by an approved trust formed for the purpose. The premium in respect of such policy is recognized as an expense in the period in which it falls due.

(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 and is charged to the statement of profit and loss.

ii) Defined Benefit Plans

(1.1) Gratuity

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

(1.2) Leave with Wages

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

(c) The actuarial gain/loss is recognized in statement of profit and loss account.

Notes to Financial Statements for the year ended March 31, 2016

e) Fixed Assets (Tangible Assets):

Fixed Assets are stated at historical cost less accumulated depreciation.

f) Depreciation:

- i) Depreciation on tangible fixed assets is provided on Straight Line Method on the basis of useful lives of such assets specified in Schedule II to the Companies Act, 2013.
- ii) Depreciation on assets costing ₹ 5,000/- or below is charged @ 100% per annum on proportionate basis.

g) Investments:

Investments are classified as long term or current based on intention of the management at the time of purchase. Long term Investment is carried at cost less provision, for diminution, other than temporary in the value of investment. Current investments are carried at lower of cost and fair value.

h) 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 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.

i) 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.

j) 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.

k) 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) i) 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
 - ii) a reliable estimate of the amount of the obligation cannot be made.
 - b) a present obligation arising from past events but is not recognised
 - i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii) a reliable estimate of the amount of the obligation cannot be made.

Notes to Financial Statements for the year ended March 31, 2016

3 SHARE CAPITAL

| Particulars | As at 31.03.2016 | | As at 31.03.2015 | |
|--|-------------------|--------------------|-------------------|--------------------|
| | Number | Amount in ₹ | Number | Amount in ₹ |
| Authorised | | | | |
| Equity Shares of ₹ 10/- each (par value) | 30,000,000 | 300,000,000 | 30,000,000 | 300,000,000 |
| Redeemable Cumulative Preference Shares of ₹ 10/- each (par value) | 10,000,000 | 100,000,000 | 10,000,000 | 100,000,000 |
| | 40,000,000 | 400,000,000 | 40,000,000 | 400,000,000 |
| Issued | | | | |
| Equity Shares of ₹ 10/- each | 3,191,536 | 31,915,360 | 3,191,536 | 31,915,360 |
| | 3,191,536 | 31,915,360 | 3,191,536 | 31,915,360 |
| Subscribed and fully Paid-up | | | | |
| Equity Shares of ₹ 10/- each | 3,191,536 | 31,915,360 | 3,191,536 | 31,915,360 |
| Add: Forfeited Shares (Amount originally paid-up) | | 9,000 | | 9,000 |
| Total | 3,191,536 | 31,924,360 | 3,191,536 | 31,924,360 |

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

| Equity shares | FY 2015-16 | | FY 2014-15 | |
|---|------------------|-------------------|------------------|-------------------|
| | Number | Amount in ₹ | Number | Amount in ₹ |
| At the beginning of the reporting period | 3,191,536 | 31,915,360 | 3,191,536 | 31,915,360 |
| Add: Issued during the year | - | - | - | - |
| Outstanding at the end of the reporting period | 3,191,536 | 31,915,360 | 3,191,536 | 31,915,360 |

b. Terms/rights attached to equity shares

The company has one class of shares viz. Equity Shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and then the equity shareholders are entitled for such dividend.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all Preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder. The rate of dividend for redeemable cumulative preference shares is decided by the board of directors as and when issued.

c. Shares held by holding company or its ultimate holding company or subsidiaries or associates of the holding company or the ultimate holding company in aggregate.

There is no holding or ultimate holding company of the Company.

d. Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of five years immediately preceding the reporting date.

| Particulars | As at 31.03.2016 | | As at 31.03.2015 | |
|---|------------------|--|------------------|--|
| | Number | | Number | |
| Equity shares allotted as fully paid up by way of bonus shares | - | | - | |
| Equity shares allotted as fully paid up pursuant to contract (s) without payment being received in cash | - | | - | |
| Equity Shares bought back | - | | - | |

e. Detail of shareholders holding more than 5% shares in the Company

| Class of shares and Name of shareholder | As at 31.03.2016 | | As at 31.03.2015 | |
|--|------------------|-------------------|------------------|-------------------|
| | Number | % of Shareholding | Number | % of Shareholding |
| Adishwar Enterprises LLP (Formerly Adinath Investment and Trading Company) | 1,048,770 | 32.86 | 1,048,770 | 32.86 |
| Devakar Investment & Trading Company (P) Limited | 806,353 | 25.27 | 806,353 | 25.27 |
| Pradeep Mercantile Co. (P) Ltd. | 249,072 | 7.80 | 249,072 | 7.80 |

f. Terms of securities convertible into equity/preference shares

N.A

N.A



Vardhman

Vardhman Holdings Limited

Notes to Financial Statements for the year ended March 31, 2016

| Particulars | (Amount in ₹) | |
|---|----------------------|----------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| 4 RESERVES AND SURPLUS | | |
| Capital Reserves | 11,388 | 11,388 |
| Capital Redemption Reserve | 7,000,000 | 7,000,000 |
| Securities Premium Account | 78,127,600 | 78,127,600 |
| Other Reserves : | | |
| General Reserve | | |
| Balance as per the last financial statements | 965,971,944 | 965,971,944 |
| Statutory Reserve (u/s 45-IC of RBI Act, 1934) | | |
| Balance as per last financial statements | 283,900,000 | 223,300,000 |
| Add: Transferred from surplus balance in the statement of profit and loss | 96,400,000 | <u>60,600,000</u> |
| | 380,300,000 | <u>283,900,000</u> |
| Surplus i.e. Balance in the Statement of Profit and Loss | | |
| Balance as per the last financial statements | 946,017,048 | 715,161,495 |
| Add: Profit for the period transferred from Statement of Profit and Loss | 481,697,150 | 302,979,326 |
| Less: Appropriations | | |
| Proposed equity dividend (amount per share ₹ 3/-) (Previous Year: ₹ 3/- per share) | 9,574,608 | 9,574,608 |
| Tax on dividend | 1,949,165 | 1,949,165 |
| Transferred to Statutory Reserve | 96,400,000 | <u>60,600,000</u> |
| Closing Balance | 1,319,790,425 | <u>946,017,048</u> |
| Total Reserves and Surplus | 2,751,201,357 | <u>2,281,027,980</u> |
| 5 DEFERRED TAX LIABILITIES (net) | | |
| Deferred tax liabilities | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting period | - | 47,762 |
| Gross deferred tax liability | - | <u>47,762</u> |
| Deferred tax assets | | |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowable for tax purposes on payment basis | - | 4,172 |
| Gross deferred tax asset | - | <u>4,172</u> |
| Deferred tax liability (Net) | - | <u>43,590</u> |

Notes to Financial Statements for the year ended March 31, 2016

| Particulars | (Amount in ₹) | |
|--|-------------------|-------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| 6 LONG TERM PROVISIONS | | |
| Provision for employee benefits : | | |
| - Gratuity | 7,918 | - |
| - Leave encashment | 13,056 | 9,742 |
| | <u>20,974</u> | <u>9,742</u> |
| 7 OTHER CURRENT LIABILITIES | | |
| Unpaid dividends# | 852,975 | 726,496 |
| Other payables | | |
| - Others | 6,935,469 | 6,477,496 |
| | <u>7,788,444</u> | <u>7,203,992</u> |
| # unpaid dividends do not include any amount due and outstanding required to be credited to the Investors' Education and Protection Fund | | |
| 8 SHORT TERM PROVISIONS | | |
| Provision for employee benefits : | | |
| Leave encashment | 2,420 | 2,312 |
| Provision for Tax | *245,710 | - |
| Other provisions : | | |
| Provision for proposed equity dividend | 9,574,608 | 9,574,608 |
| Provision for tax on proposed dividend | 1,949,165 | 1,949,165 |
| | <u>11,771,903</u> | <u>11,526,085</u> |

* Provision for tax is net of Advance tax of ₹ 11,54,44,258/-

9 FIXED ASSETS

| Particulars | Original Cost | | | Balance as at 31.03.2016 | DEPRECIATION | | | NET BLOCK | |
|------------------------|--------------------------|-----------|----------|--------------------------|--------------------------|------------------------------|----------------------------------|--------------------------|--------------------------|
| | Balance as at 01.04.2015 | Additions | Disposal | | Balance as at 01.04.2015 | Depreciation during the year | Eliminated on disposal of assets | Balance as at 31.03.2016 | Balance as at 31.03.2016 |
| TANGIBLE ASSETS | | | | | | | | | |
| 1. Freehold land | 114,500 | - | - | 114,500 | - | - | - | 114,500 | 114,500 |
| 2. Buildings | 9,127,692 | - | - | 9,127,692 | 812,311 | 144,217 | - | 956,528 | 8,171,164 |
| 3. Vehicle | 2,207,255 | - | - | 2,207,255 | 474,506 | 262,111 | - | 736,617 | 1,470,638 |
| Current Year | 11,449,447 | - | - | 11,449,447 | 1,286,817 | 406,328 | - | 1,693,145 | 9,756,302 |
| Previous Year | 11,449,447 | - | - | 11,449,447 | 873,181 | 413,636 | - | 1,286,817 | 10,162,630 |

10 DEFERRED TAX ASSETS (net)

| Particulars | (Amount in ₹) | |
|---|------------------|------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Deferred tax liabilities | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting period | - | - |
| Gross deferred tax liability | - | - |
| Deferred tax assets | | |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowable for tax purposes on payment basis | 7,118,215 | - |
| Gross deferred tax asset | 7,118,215 | - |
| Deferred tax Assets (Net) | <u>7,118,215</u> | <u>-</u> |



Vardhman

Vardhman Holdings Limited

Notes to Financial Statements for the year ended March 31, 2016

| Particulars | (Amount in ₹) | |
|--|-------------------------|-------------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| 11 NON-CURRENT INVESTMENTS | | |
| Long Term investments (at cost unless otherwise stated) | | |
| I TRADE INVESTMENTS | | |
| Investment in equity instruments | | |
| a. of associates (Quoted) | | |
| 15,483,895 (Previous Year 15,402,598) Equity Shares of ₹ 10/- each fully paid up of Vardhman Textiles Limited | 735,546,587 | 669,158,294 |
| b. of associates (Unquoted) | | |
| 25,000 (Previous Year 25,000) Equity Shares of ₹ 10/- each fully paid up of Vardhman Spinning & General Mills Limited | 250,000 | 250,000 |
| c. of Other entities (Quoted) | | |
| 815,561 (Previous Year 815,561) Equity Shares of ₹ 10/- each fully paid up of Vardhman Acrylics Limited | 3,076,337 | 3,076,337 |
| 3,080,519 (Previous Year 3,080,519) Equity Shares of ₹ 10/- each fully paid up of Vardhman Special Steels Limited | 55,745,069 | 55,745,069 |
| II OTHER THAN TRADE | | |
| a Investment in equity instruments of other entities (quoted) | | |
| 112 (Previous year 112) Equity shares of ₹10/- each fully paid-up of Garware Nylon Ltd. | 1,250 | 1,250 |
| Less : Provision for Diminution in value of Investments | 1,250 | 1,250 |
| 1,150 (Previous year 1,150) Equity shares of ₹ 1/- each fully paid-up of Hindustan Unilever Ltd. | 1,288 | 1,288 |
| 50 (Previous year 50) Equity shares of ₹ 10/- each fully paid-up of Vinod Paper Mills Limited | 500 | 500 |
| Less : Provision for Diminution in value of Investments | 500 | 500 |
| b Investment (quoted) | | |
| Fixed maturity plans | | |
| 5,000,000 (Previous Year 5,000,000) Units of ₹ 10/- each of BSL Fixed Term Plan Series GI (1185 Days) | 50,000,000 | 50,000,000 |
| | 844,619,281 | 778,230,988 |
| 1. Aggregate amount of Quoted Investments (Gross) | 844,371,031 | 777,982,738 |
| 2. Market Value of Quoted Investments | 12,229,425,741 | 8,506,124,469 |
| 3. Aggregate amount of Unquoted Investments (Gross) | 250,000 | 250,000 |
| 4. Aggregate Provision for diminution in value of Investments | 1,750 | 1,750 |
| Non current investments having maturity period less than 12 months as on date of balance sheet have been shown under the head current investments. | | |
| Particulars | As at 31.03.2016 | As at 31.03.2015 |
| 12 LONG-TERM LOANS AND ADVANCES | | |
| (unsecured, considered good) | | |
| Other loans and advances | | |
| Capital advances | 24,186,437 | - |
| Advance tax | - | *1,869,871 |
| | 24,186,437 | 1,869,871 |

* Net of Provision for tax of ₹ 90,489,968/-

Notes to Financial Statements for the year ended March 31, 2016

| Particulars | (Amount in ₹) | |
|--|------------------|------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| 13 CURRENT INVESTMENTS | | |
| (AT LOWER OF COST AND FAIR VALUE) | | |
| Investment in Equity instruments of other entities (quoted) | | |
| 93,803 (Previous Year 93,803) Equity Shares of ₹ 10/- each of Trident Limited | 782,187 | 782,187 |
| 28,650 (Previous Year 14,325) Equity Shares of ₹ 5/- (Previous Year ₹ 10/-) each of Infosys Limited | 30,119,387 | 30,119,387 |
| * 6,258 (Previous Year 5,564) Equity Shares of ₹ 2/- each of Lupin Limited | 9,725,101 | |
| Less : Provision for Diminution in value of Investments | 461,696 | 8,552,860 |
| * 11,531 (Previous Year 9,818) Equity Shares of ₹ 1/- each of Sun Pharmaceutical Industries Limited | 9,786,974 | |
| Less : Provision for Diminution in value of Investments | 337,896 | 8,364,202 |
| * 2,958 (Previous Year 2,206) Equity Shares of ₹ 10/- each of Bajaj Finance Limited | 13,367,915 | 8,320,339 |
| * 676 (Previous Year Nil) Equity Shares of ₹ 10/- each of Bajaj Finserve Limited | 1,333,477 | |
| Less : Provision for Diminution in value of Investments | 181,743 | - |
| * 27,881 (Previous Year 30,214) Equity Shares of ₹ 1/- each of Havells India Limited | 7,590,102 | 8,210,841 |
| * 1,162 (Previous Year 652) Equity Shares of ₹ 10/- each of Page Industries Limited | 15,406,349 | |
| Less : Provision for Diminution in value of Investments | 1,379,133 | 7,982,475 |
| * 32,814 (Previous Year 17,118) Equity Shares of ₹ 1/- each of Motherson Sumi Systems Limited | 9,866,047 | |
| Less : Provision for Diminution in value of Investments | 1,107,990 | 7,728,317 |
| * 6,048 (Previous Year 5,539) Equity Shares of ₹ 2/- each of HDFC Bank Limited | 6,033,182 | 5,519,724 |
| * 10,030 (Previous Year 10,260) Equity Shares of ₹ 1/- each of Asian Paints Limited | 7,657,252 | 7,846,296 |
| * Nil (Previous Year 16,690) Equity Shares of ₹ 10/- each of Rural Electrification Corporation Limited | - | 5,791,430 |
| Less : Provision for Diminution in value of Investments | - | 239,501 |
| * 1,002 (Previous Year 735) Equity Shares of ₹ 10/- each of Blue Dart express Limited | 6,300,055 | |
| Less : Provision for Diminution in value of Investments | 221,873 | 4,726,131 |
| * 5,401 (Previous Year 6,538) Equity Shares of ₹ 2/- each of Ajanta Pharma Limited | 5,225,859 | 6,285,631 |
| * 9,116 (Previous Year 9,481) Equity Shares of ₹ 1/- each of Amara Raja Batteries Limited | 7,696,752 | 8,010,833 |
| Less : Provision for Diminution in value of Investments | - | 127,381 |
| * Nil (Previous Year 2,357) Equity Shares of ₹ 5/- each of Infosys Limited | - | 4,966,058 |
| * 9,324 (Previous Year 5,938) Equity Shares of ₹ 2/- each of Cummins India Limited | 8,796,362 | |
| Less : Provision for Diminution in value of Investments | 945,344 | 5,186,071 |
| * 25,694 (Previous Year 19,370) Equity Shares of ₹ 2/- each of Gruh Finance Limited | 6,747,758 | 5,228,157 |
| Less : Provision for Diminution in value of Investments | 603,038 | 519,309 |
| | 6,144,720 | 4,708,848 |



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Notes to Financial Statements for the year ended March 31, 2016

| Particulars | (Amount in ₹) | |
|--|-------------------|------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| * Nil (Previous Year 2,516) Equity Shares of ₹ 2/- each of Hero Motocorp Limited | | 7,515,504 |
| Less : Provision for Diminution in value of Investments | - | 866,722 |
| * 17,108 (Previous Year 11,975) Equity Shares of ₹ 1/- each of P I Industries Limited | 9,534,292 | 6,470,036 |
| * Nil (Previous Year 15,647) Equity Shares of ₹ 1/- each of Titan Industries Limited | | 6,068,718 |
| Less : Provision for Diminution in value of Investments | - | 12,398 |
| * 122 (Previous Year 461) Equity Shares of ₹ 10/- each of Shree Cements Limited | 1,209,700 | 4,386,045 |
| * 14,736 (Previous Year 12,399) Equity Shares of ₹ 1/- each of Astral Poly Technik Limited | 5,810,624 | 4,857,694 |
| * 4,685 (Previous Year 5,167) Equity Shares of ₹ 1/- each of Pidilite Industries Limited | 2,581,388 | 2,832,446 |
| * 7,758 (Previous Year 2,090) Equity Shares of ₹ 5/- each of Kotak Mahindra Bank Limited | 5,183,296 | |
| Less : Provision for Diminution in value of Investments | 89,200 | |
| * 3,011 (Previous Year 3,011) Equity Shares of ₹ 10/- each of Indusind Bank Limited | 2,726,099 | 2,726,099 |
| Less : Provision for Diminution in value of Investments | - | 68,891 |
| * Nil (Previous Year 1,037) Equity Shares of ₹ 1/- each of Tata Consultancy Servies Limited | | 2,683,103 |
| Less : Provision for Diminution in value of Investments | - | 41,812 |
| * Nil (Previous Year 1,721) Equity Shares of ₹ 2/- each of Thermax Limited | | 1,916,402 |
| Less : Provision for Diminution in value of Investments | - | 84,914 |
| * Nil (Previous Year 2,209) Equity Shares of ₹ 2/- each of Dhanuka Agritech Limited | | - |
| * 881 (Previous Year Nil) Equity Shares of ₹ 10/- each of Eicher Motors Limited | 15,511,517 | |
| Less : Provision for Diminution in value of Investments | 574,814 | |
| * 17,354 (Previous Year Nil) Equity Shares of ₹ 10/- each of Hindustan Petroleum Corporation Limited | 13,152,146 | |
| Less : Provision for Diminution in value of Investments | 704,903 | |
| * 6,206 (Previous Year Nil) Equity Shares of ₹ 10/- each of National Buildings Construction Limited | 6,414,894 | |
| Less : Provision for Diminution in value of Investments | 576,289 | |
| * 4,947 (Previous Year Nil) Equity Shares of ₹ 2/- each of Kajaria Ceramics Limited | | |
| | | 4,659,777 |
| * 1,585 (Previous Year Nil) Equity Shares of ₹ 2/- each of Symphony Limited | | |
| | | 3,427,547 |
| * 8,668 (Previous Year Nil) Equity Shares of ₹ 2/- each of Dabur India Limited | 2,487,629 | |
| Less : Provision for Diminution in value of Investments | 327,997 | |
| * 4,425 (Previous Year Nil) Equity Shares of ₹ 2/- each of Bharat Forge Limited | 4,297,197 | |
| Less : Provision for Diminution in value of Investments | 434,417 | |
| * 736 (Previous Year Nil) Equity Shares of ₹ 2/- each of Britannia Industries Limited | 2,403,511 | |
| Less : Provision for Diminution in value of Investments | 434,306 | |

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Notes to Financial Statements for the year ended March 31, 2016

(Amount in ₹)

| Particulars | As at 31.03.2016 | | As at 31.03.2015 |
|---|--------------------|--------------------|------------------|
| * 241 (Previous Year Nil) Equity Shares of ₹ 10/- each of Bosch Limited | 6,067,549 | | |
| Less : Provision for Diminution in value of Investments | 1,058,484 | 5,009,065 | - |
| * 7,494 (Previous Year Nil) Equity Shares of ₹ 2/- each of Max Financial Services Limited | | 1,922,960 | - |
| * 24,926 (Previous Year Nil) Equity Shares of ₹ 1/- each of City Union Bank Limited | 2,517,526 | | |
| Less : Provision for Diminution in value of Investments | 154,541 | 2,362,985 | - |
| * 16,599 (Previous Year Nil) Equity Shares of ₹ 10/- each of Development Credit Bank Limited | 2,302,115 | | |
| Less : Provision for Diminution in value of Investments | 986,645 | 1,315,470 | - |
| * 15,834 (Previous Year Nil) Equity Shares of ₹ 1/- each of Jammu & Kashmir Bank Ltd. | 1,727,331 | | |
| Less : Provision for Diminution in value of Investments | 769,374 | 957,957 | - |
| * 14,619 (Previous Year Nil) Equity Shares of ₹ 1/- each of Voltas Limited | 4,640,071 | | |
| Less : Provision for Diminution in value of Investments | 574,527 | 4,065,544 | - |
| * 3,193 (Previous Year Nil) Equity Shares of ₹ 5/- each of Engineers India Limited | 715,966 | | |
| Less : Provision for Diminution in value of Investments | 172,837 | 543,129 | - |
| * 368 (Previous Year Nil) Equity Shares of ₹ 10/- each of GlaxoSmithkline Consumer Healthcare Limited | 2,334,007 | | |
| Less : Provision for Diminution in value of Investments | 112,483 | 2,221,524 | - |
| * 2,342 (Previous Year Nil) Equity Shares of ₹ 1/- each of Emami Limited | 2,836,279 | | |
| Less : Provision for Diminution in value of Investments | 652,833 | 2,183,446 | - |
| * 1,610 (Previous Year Nil) Equity Shares of ₹ 1/- each of Colgate Palmolive (India) Limited | 1,636,726 | | |
| Less : Provision for Diminution in value of Investments | 299,058 | 1,337,668 | - |
| * 1,097 (Previous Year Nil) Equity Shares of ₹ 10/- each of Container Corporation of India Limited | 1,849,257 | | |
| Less : Provision for Diminution in value of Investments | 485,302 | 1,363,955 | - |
| * 7,494 (Previous Year Nil) Equity Shares of ₹ 2/- each of Max India - Taurus Venture Limited | 1,898,680 | | |
| Less : Provision for Diminution in value of Investments | 1,070,218 | 828,462 | - |
| * 1,498 (Previous Year Nil) Equity Shares of ₹ 10/- each of Max Venture & Industries Limited | 214,738 | | |
| Less : Provision for Diminution in value of Investments | 121,008 | 93,730 | - |
| * 3,496 (Previous Year Nil) Equity Shares of ₹ 2/- each of IPCA Laboratories Limited | 2,569,595 | | |
| Less : Provision for Diminution in value of Investments | 534,399 | 2,035,196 | - |
| * 1,264 (Previous Year Nil) Equity Shares of ₹ 2/- each of Alkem Laboratories Limited | 1,740,654 | | |
| Less : Provision for Diminution in value of Investments | 26,102 | 1,714,552 | - |
| * 2,574 (Previous Year Nil) Equity Shares of ₹ 10/- each of Speciality Restaurants Limited | 422,985 | | |
| Less : Provision for Diminution in value of Investments | 204,195 | 218,790 | - |
| Total | 245,628,170 | 175,025,922 | |



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Notes to Financial Statements for the year ended March 31, 2016

| Particulars | (Amount in ₹) | |
|---|-------------------|------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| Investment in Bonds (unquoted) | | |
| 500 (Previous Year 500) Non Convertible debentures of ₹ 100,000/- each of India Infoline Finance Ltd. | 50,000,000 | 50,000,000 |
| | 50,000,000 | 50,000,000 |
| Investment in Bonds (Quoted) | | |
| Nil (Previous Year 15,000) 8.51% tax free bonds of ₹ 1,000/- each of the Housing and Urban Development Corporation | - | 15,000,000 |
| | - | 15,000,000 |
| Investment in Preference Shares (quoted) | | |
| 7,000,000 (Previous Year Nil) 9.25% Non Convertible Redeemable cumulative Preference Shares of ₹ 10/- each fully paid of India Infoline Finance Ltd | 70,231,425 | - |
| | 70,231,425 | - |
| Investment in Bonds/Debentures/Certificate of Deposits (Unquoted) | | |
| * 6,273 (Previous Year 10,690) 3% Debentures of ₹ 100/- each of Marwar Consultancy Pvt Ltd | 627,300 | 1,069,000 |
| * 4,887 (Previous Year 10,874) 3% Debentures of ₹ 100/- each of Vahin Advisors and Traders Pvt Ltd | 488,700 | 1,087,400 |
| * 6,334 (Previous Year 10,752) 3% Debentures of ₹ 100/- each of Jade Stone Development and Holding Pvt Ltd | 633,400 | 1,075,200 |
| * 12,845 (Previous Year 12,845) 3% Debentures of ₹ 100/- each of Prabal Traders and Advisors Pvt Ltd | 1,284,500 | 1,284,500 |
| * Nil (Previous Year 29,156) 8.50% Debentures of ₹ 100/- each of Zwenzi Traders & advisors Pvt Ltd | - | 2,915,600 |
| * 15,851 (Previous Year 29,238) 8.25% Debentures of ₹ 100/- each of Sherin Advisors & Traders Pvt Ltd | 1,585,100 | 2,923,800 |
| * 72,261 (Previous year 72,261) 10% Convertible Debentures of ₹ 100 each of Ambojini Property Developers Private Limited | 7,226,100 | 7,226,100 |
| * 37,584 (Previous Year 39,848) 10% Convertible Debentures of ₹ 100 each of Mantri Hamlet Private Limited | 3,758,400 | 3,984,800 |
| * Nil (Previous Year 27,910) Convertible Debentures of ₹ 100 each of Swarg Advisors and Traders Pvt. Ltd. | - | 2,791,000 |
| * 43,122 (Previous Year 78,418) Convertible Debentures of ₹ 100 each of Godrej Landmark Redevelopers P Ltd | 4,312,200 | 7,841,800 |
| * 9,714 (Previous Year 27,275) Convertible Debentures of ₹ 100 each of Suryanagari Trading And Consultancy Pvt Ltd. | 971,400 | 2,727,500 |
| | 20,887,100 | 34,926,700 |
| Investment in Equity Fund/Liquid Funds/Debt Funds/Monthly Income Plans (Unquoted) | | |
| * 247 (Previous Year NIL) Units of ₹ 10/- each of Reliance Medium Term Fund | 2,643 | - |
| Nil (Previous Year 12,818) Units of ₹ 1,000/- each of SBI Ultra Short term debt fund Direct Daily Dividend | - | 12,843,121 |
| Nil (Previous Year 54,885) Units of ₹ 1,000/- each of SBI Ultra Short term debt fund Regular Daily Dividend | - | 55,063,810 |

Notes to Financial Statements for the year ended March 31, 2016

| Particulars | (Amount in ₹) | |
|--|------------------|------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| 3,123,985 (Previous Year 3,123,985) Units of ₹ 10/- each of IDFC Dynamic Bond Fund - Growth - (Regular Plan) | 50,000,000 | 50,000,000 |
| 1,637,830 (Previous Year 1,637,830) Units of ₹ 10/- each of IDFC Dynamic Bond Fund - Growth - (Direct Plan) | 25,000,000 | 25,000,000 |
| 9,044,535 (Previous Year 9,044,535) Units of ₹ 10/- each of JP Morgan India Govt. Securities Fund-Regular Plan-Growth Option | 100,000,000 | 100,000,000 |
| 374,195 (Previous Year Nil) Units of ₹ 10/- each of Principal Smart Equity Fund-Direct Plan Half Yearly Dividend-Reinvestment | 6,077,503 | - |
| Less : Provision for Diminution in value of Investments | 14,925 | 6,062,578 |
| 99,315 (Previous Year 139,949) Units of ₹ 1000/- each of SBI Premier Liquid Fund Regular Plan Growth | 235,139,240 | 306,818,672 |
| 44 (Previous Year 318) Units of ₹ 1,000/- each of SBI Premier Liquid Fund Direct Plan Growth | 102,096 | 700,000 |
| 122 (Previous Year Nil) Units of ₹ 1,000/- each of SBI Ultra Short term debt fund Direct Plan Growth | 233,244 | - |
| 212,594 (Previous Year Nil) Units of ₹ 10/- each of Mirae Asset Great Consumer fund - Direct Plan - Growth | 5,000,000 | - |
| Less : Provision for Diminution in value of Investments | 482,801 | 4,517,199 |
| 271,803 (Previous Year Nil) Units of ₹ 10/- each of BNP Paribas Equity Fund -Direct Plan Growth Option | 17,538,694 | - |
| 231,874 (Previous Year Nil) Units of ₹ 10/- each of IDFC Premier Equity Fund -Growth Direct Plan | 16,202,310 | - |
| Less : Provision for Diminution in value of Investments | 40,885 | 16,161,425 |
| Nil (Previous Year 768,091) Units of ₹ 10/- each of Reliance Equity Oppurtunity Fund Direct Growth Plan Growth Option | - | 36,000,000 |
| Nil (Previous Year 1,460,972) Units of ₹ 10/- each of Reliance Mid and Small Cap Fund Growth Plan Growth Option | - | 38,000,000 |
| 4,148,364 (Previous Year 4,148,364) Units of ₹ 10/- each of Reliance Dynamic bond Fund Growth Plan Growth Option | 75,000,000 | 75,000,000 |
| 65,279 (Previous Year 65,279) Units of ₹ 10/- each of Reliance Equity Oppurtunity Fund Growth Plan Growth Option | 5,000,000 | 5,000,000 |
| Less : Provision for Diminution in value of Investments | 664,688 | 4,335,312 |
| 2,500,000 (Previous Year 2,500,000) Units of ₹ 10/- each of Reliance Capital Builder Fund II Series A Growth Plan Gowth Option | 25,000,000 | 71,860 |
| Less : Provision for Diminution in value of Investments | 3,056,250 | 4,928,140 |
| 164,420 (Previous Year 1,710,970) Units of ₹ 10/- each of ICICI Focused Bluechip Equity- Direct Growth | 5,000,000 | 25,000,000 |
| Less : Provision for Diminution in value of Investments | 350,214 | 4,649,786 |
| 42,234 (Previous Year 444,814) Units of ₹ 10/- each of ICICI Value Discovery Fund- Growth | 5,000,396 | 35,000,000 |
| Less : Provision for Diminution in value of Investments | 405,741 | 4,594,655 |



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Vardhman Holdings Limited

Notes to Financial Statements for the year ended March 31, 2016

| Particulars | (Amount in ₹) | |
|--|-------------------|------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| 796,973 (Previous Year 172,354) Units of ₹ 10/- each of ICICI Prudential Focused Bluechip Equity Fund - Growth | 23,000,000 | |
| Less : Provision for Diminution in value of Investments | 1,067,303 | 5,000,000 |
| 157,877 (Previous Year Nil) Units of ₹ 10/- each of ICICI Value Discovery Fund- Direct Plan Growth | 17,600,000 | - |
| 27,798 (Previous Year Nil) Units of ₹ 100/- each of ICICI Liquid Plan - Direct Growth | 6,219,423 | - |
| 1,137,266 (Previous Year 1,137,266) Units of ₹ 10/- each of DSP Micro Cap Fund Regular Growth | 35,500,000 | 35,500,000 |
| 29,866 (Previous Year Nil) Units of ₹ 1,000/- each of DSP Black Rock Strategic Bond Fund-Institutional Plan - Growth | 50,000,000 | - |
| 428,366 (Previous Year 428,366) Units of ₹ 10/- each of Kotak Select Focus Fund Growth Regular plan | 10,000,000 | 10,000,000 |
| Less : Provision for Diminution in value of Investments | 506,532 | 229,383 |
| 1,652,041 (Previous Year 1,056,270) Units of ₹ 10/- each of Kotak Select Focus Fund Direct plan Growth | 39,000,000 | 25,000,000 |
| Less : Provision for Diminution in value of Investments | 1,353,286 | 496,844 |
| 500,000 (Previous Year Nil) Units of ₹ 10/- each of Kotak India Growth Fund Series-1 - Growth (Regular Plan) | 5,000,000 | - |
| 3,528,159 (Previous Year 2,678,899) Units of ₹ 10/- each of SBI Bluechip Fund Regular Plan Growth | 95,000,000 | 71,000,000 |
| Less : Provision for Diminution in value of Investments | - | 43,681 |
| 177,100 (Previous Year Nil) Units of ₹ 10/- each of SBI Bluechip Fund Direct Plan Growth | 5,000,000 | - |
| 2,417 (Previous Year Nil) Units of ₹ 1,000/- each of BNP Paribas Overnight Fund Direct Plan Growth Option | 5,618,739 | - |
| 2,280,356 (Previous Year Nil) Units of ₹ 10/- each of IDFC Money Manager Fund-Investment Plan-Growth-Direct Plan | 50,000,000 | - |
| 207,409 (Previous Year Nil) Units of ₹ 10/- each of IDFC Money Manager Fund-Treasury Plan Growth-Direct Plan | 5,000,000 | - |
| 4,899,324 (Previous Year 4,899,324) Units of ₹ 10/- each of IIFL National Development agenda fund | 50,000,000 | 50,000,000 |
| 3,993,938 (Previous Year 1,093,938) Units of ₹ 100,000/- each of Zodius Technology Fund | 40,000,000 | 11,000,000 |
| 60,000 (Previous Year Nil) Units of ₹ 100/- each of IvyCap Ventures Trust Fund-II | 6,000,000 | - |
| 400 (Previous Year 400) Units of ₹ 100,000/- each of India Venture Trust fund | 40,000,000 | 40,000,000 |
| * 129 (Previous Year Nil) Units of ₹ 100,000/- each of Shambhavi Reality Pvt. Ltd. | 13,046,317 | - |
| * 48 (Previous Year Nil) Units of ₹ 100,000/- each of Avigna Properties Pvt. Ltd. | 4,896,131 | - |
| * 80 (Previous Year Nil) Units of ₹ 100,000/- each of Suttlej Housing Pvt. Ltd. | 8,025,644 | - |
| * 68 (Previous Year Nil) Units of ₹ 100,000/- each of ASP Infraprojects Pvt. Ltd. | 6,807,101 | - |
| * 54 (Previous Year Nil) Units of ₹ 100,000/- each of Spenta Enclave Pvt. Ltd. | 5,471,901 | - |
| * 35 (Previous Year Nil) Units of ₹ 100,000/- each of Midcity Infrastructure Pvt. Ltd. | 3,653,832 | - |

Notes to Financial Statements for the year ended March 31, 2016

| Particulars | (Amount in ₹) | |
|--|----------------------|----------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| * 62 (Previous Year Nil) Units of ₹ 100,000/- each of Gulam Mustafa Enterprises Pvt. Ltd. | 6,354,915 | - |
| 1,136,000 (Previous Year Nil) Units of ₹ 10/- each of IIFL Seed Venture Fund 1 | 12,500,000 | - |
| 977,528 (Previous Year 977,528) Units of ₹ 100/- each (paid up - ₹ 65/- each) (Previous Year paid up 30/- each) of ICICI Prudential Real Estate fund AIF-I | 62,752,800 | 27,752,800 |
| * 13,078,928 (Previous Year 2,775,280) Units of ₹ 10/- each of IIFL Real Estate Fund Series-2 | 137,752,800 | 27,752,800 |
| 1,665 (Previous Year 1,012) Units of ₹ 100,000/- each of ASK Real Estate Fund | 167,057,654 | 113,276,486 |
| | 1,473,610,758 | 1,219,865,921 |
| Investment in Equity Shares (Unquoted) | | |
| * 15,023 (Previous Year 15,023) Equity Shares of ₹ 1/- each fully paid up of Marwar Consultancy Pvt Ltd | 15,023 | 15,023 |
| * 15,011 (Previous Year 15,011) Equity Shares of ₹ 1/- each fully paid up of Vahin Advisors and Traders Pvt Ltd | 15,011 | 15,011 |
| * 14,979 (Previous Year 14,979) Equity Shares of ₹ 1/- each fully paid up of Jade Stone Development and Holding Pvt Ltd | 14,979 | 14,979 |
| * 14,975 (Previous Year 14,975) Equity Shares of ₹ 1/- each fully paid up of Prabal Traders and Advisors Pvt Ltd | 14,975 | 14,975 |
| * Nil (Previous Year 14,928) Equity Shares of ₹ 1/- each fully paid up of Zwenzi Traders & advisors Pvt Ltd | - | 14,928 |
| * 14,919 (Previous Year 14,919) Equity Shares of ₹ 1/- each fully paid up of Sherin Advisors & Traders Pvt Ltd | 14,919 | 14,919 |
| * 7,870 (Previous Year 7,870) Equity Shares of ₹ 10/- each fully paid up of Ambojini Property Developers Private Limited | 78,700 | 78,700 |
| * 15 (Previous Year 15) Equity Shares of ₹ 10/- each fully paid up of Mantri Hamlet Private Limited | 150 | 150 |
| * Nil (Previous Year 3) Equity Shares of ₹ 10/- each fully paid up of Amit Enterprises & Builders Pvt Ltd | - | 30 |
| * 15,358 (Previous Year 15,358) Equity Shares of ₹ 1/- each fully paid up of Suryanagari Trading And Consultancy Pvt. Ltd. | 15,358 | 15,358 |
| * Nil (Previous Year 15,301) Equity Shares of ₹ 1/- each fully paid up of Swarg Advisors and Traders Pvt. Ltd. | - | 15,301 |
| * 266 (Previous Year 266) Equity Shares of ₹ 100/- each fully paid up of Godrej Landmark Redevelopers P Ltd | 2,174,090 | 2,174,090 |
| | 2,343,205 | 2,373,464 |
| Total | 1,862,700,658 | 1,497,192,007 |
| Notes: | | |
| 1. Aggregate amount of quoted investments (Gross) | 331,462,240 | 191,986,850 |
| 2. Aggregate amount of unquoted investments (Gross) | 1,554,783,688 | 1,308,007,853 |
| 3. Market value of quoted investments | 343,127,011 | 203,455,537 |
| 4. Aggregate Provision for diminution in value of Investments | 23,545,270 | 2,802,696 |

Non current investments having maturity period less than 12 months as on date of balance sheet have been shown under the head current investments.

* Investments are purchased through PMS advisors



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Vardhman Holdings Limited

Notes to Financial Statements for the year ended March 31, 2016

| Particulars | (Amount in ₹) | |
|---|-------------------------------------|-------------------------------------|
| | As at 31.03.2016 | As at 31.03.2015 |
| 14 CASH AND BANK BALANCES | | |
| Cash and cash equivalents | | |
| a) Balances with banks | | |
| - In current accounts | 5,380,881 | 4,693,127 |
| b) Cash in hand | 4,013 | 4,013 |
| c) Other Bank Balances | | |
| - Earmarked balances with banks (Dividend accounts) | 852,975 | 726,496 |
| | <u>6,237,869</u> | <u>5,423,636</u> |
| 15 OTHER CURRENT ASSETS (unsecured, considered good) | | |
| Interest Receivable | 12,424,909 | 7,555,152 |
| Mat Credit Recoverable | 21,380,000 | 16,280,000 |
| Other recoverable | 14,283,366 | 15,021,465 |
| | <u>48,088,275</u> | <u>38,856,617</u> |
| | | (Amount in ₹) |
| Particulars | For the year ended 31st Mar 2016 | For the year ended 31st Mar 2015 |
| 16 REVENUE FROM OPERATIONS | | |
| Interest Income | 25,639,261 | 41,697,223 |
| Dividend Income from long term trade investments: | | |
| - Associates | 391,177,771 | 169,428,578 |
| - others | 77,557 | 111,299 |
| Dividend income from current investments | 12,906,998 | 9,904,070 |
| Net Gain on sale of Current Investments | 88,593,080 | 82,135,831 |
| Revenue from operations (net) | <u>518,394,667</u> | <u>303,277,001</u> |
| 17 OTHER INCOME | | |
| Receipt against License agreement | 12,203,266 | 12,440,860 |
| Adjustment to in carrying amount of investment | | |
| - Reversal of reduction in the carrying amount of current investments | - | 8,950,990 |
| Provisions no longer required written back | - | 204,738 |
| Rent received | 312,000 | 312,000 |
| Miscellaneous | 515 | - |
| | <u>12,515,781</u> | <u>21,908,588</u> |
| 18 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, Wages and Bonus | 1,307,039 | 75,862 |
| | <u>1,307,039</u> | <u>75,862</u> |
| 19 OTHER EXPENSES | | |
| Rent | 81,018 | 301,380 |
| Professional charges | 8,866,121 | 11,286,119 |
| Insurance | 40,518 | 41,596 |
| Rates and Taxes | 16,736 | 19,940 |
| Auditors Remuneration: | | |
| Audit Fee | 34,350 | 28,090 |
| Adjustment to in carrying amount of investment | | |
| - Reduction in the carrying amount of current investments | 20,742,583 | - |
| Miscellaneous (refer note 28) | 4,780,410 | 1,686,050 |
| | <u>34,561,736</u> | <u>13,363,175</u> |

Notes to Financial Statements for the year ended March 31, 2016

20. Contingent Liabilities (to the extent not provided for) :

The Company has contested the additional demand in respect of income tax amounting to ₹ 3,629,070/- (Previous Year ₹ 2,053,841). Pending appeal with appellate authorities, no provision has been made in the books of account as the company is hopeful to get the desired relief in appeal.

21. The Company has only one reportable business segment and therefore, no separate disclosure is required in accordance with Accounting Standard 17 on "Segment Reporting" prescribed under section 133 of Companies Act, 2013 read with rule 7 of The Companies (Accounts) rules, 2014.

22. The calculation of Earning per Share (EPS) as disclosed in the Profit and Loss Account, has been made in accordance with Accounting Standard (AS)-20 on 'Earning per Share' prescribed under section 133 of Companies Act, 2013 read with rule 7 of The Companies (Accounts) rules, 2014.

23. 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.

24. Employee Benefits :

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

(a) Changes in the present value of the obligation: (Amount in ₹)

| Particulars | Leave (Unfunded) | | Gratuity (Funded) | |
|---|------------------|---------------|-------------------|---------------|
| | Current Year | Previous year | Current Year | Previous year |
| Present value of obligation as at beginning of the year | 9,742 | - | 56,575 | - |
| Interest cost | 9 | - | 3,003 | - |
| Current service cost | 10,787 | 9,742 | 12,459 | 15,870 |
| Benefits paid / transferred | (19,250) | - | (38,077) | - |
| Actuarial (gain)/ loss on Obligations | 11,768 | - | 17,162 | 40,705 |
| Present value of obligation as at end of the year | 13,056 | 9,742 | 51,122 | 56,575 |

(b) Change in Fair Value of Plan Asset: (Amount in ₹)

| Particulars | Leave (Unfunded) | | Gratuity (Funded) | |
|---|------------------|---------------|-------------------|---------------|
| | Current Year | Previous year | Current Year | Previous year |
| Fair value of Plan Assets as at beginning of the year | - | - | 99,779 | 100,308 |
| Expected return on Plan Assets | - | - | 4,375 | 9,028 |
| Contributions | - | - | - | - |
| Withdrawal | - | - | (5,112) | (5,618) |
| Benefits Paid | - | - | - | - |
| Actuarial gain/ (loss) on Obligations | - | - | 54 | (3,939) |
| Fair value of Plan Assets as at end of the year | - | - | 99,096 | 99,779 |

(c) Amount recognized in Balance Sheet: (Amount in ₹)

| Particulars | Leave (Unfunded) | | Gratuity (Funded) | |
|--|------------------|---------------|-------------------|---------------|
| | Current Year | Previous year | Current Year | Previous year |
| Present value of funded obligation as at end of the year | - | - | 51,122 | 56,575 |
| Fair value of Plan Assets as at end of the year | - | - | 99,096 | 99,779 |
| Unfunded Liability | - | - | - | - |
| Present value of unfunded obligation as at end of the year | 13,056 | 9,742 | - | - |
| Unfunded Actuarial (gains)/ losses | - | - | - | - |
| Unfunded Net Asset/ (Liability) recognised in Balance Sheet. | 13,056 | 9,742 | 47,974 | 43,204 |



Notes to Financial Statements for the year ended March 31, 2016

(d) Expenses Recognized in Profit and Loss (Amount in ₹)

| Particulars | Leave (Unfunded) | | Gratuity (Funded) | |
|---|------------------|---------------|-------------------|---------------|
| | Current Year | Previous year | Current Year | Previous year |
| Current service cost | 10,787 | 9,742 | 12,459 | 15,870 |
| Interest cost | 9 | - | 3,003 | - |
| Expected return on Plan Assets | - | - | (4,375) | (9,028) |
| Actuarial (gain)/ loss on Obligations | 11,768 | - | 17,108 | 44,644 |
| Total expense recognised in Profit and Loss Account | 22,564 | 9,742 | 28,195 | 51,486 |

(e) Investment details of Fund: Fund consists of cash balance & Bank Balance.

(f) Principal actuarial assumptions at the Balance Sheet Date (expressed as weighted average) (Amount in ₹)

| Particulars | Leave (Unfunded) | | Gratuity (Funded) | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | Current Year | Previous year | Current Year | Previous year |
| Discount Rate (per annum) | 8.00% | 7.90% | 8.00% | 7.90% |
| Rate of increase in compensation levels (per annum) | 6.00% | 6.00% | 6.00% | 6.00% |
| Rate of return on Plan Assets (per annum) | N.A. | N.A. | N.A. | N.A. |
| Expected Average remaining working lives of employees (years) | 32.50 | 20.67 | 32.50 | 20.67 |
| Method Used | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit |

(g) Other Short term employee's benefits (Amount in ₹)

| Particulars | Leave | | LTA Encashment | | Ex-Gratia | |
|---|--------------|---------------|----------------|---------------|--------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Liability as at beginning of the year | 2,312 | 173,588 | - | - | - | - |
| Liability as at end of the year | 2,420 | 2,312 | 8,125 | - | 17,056 | - |
| Contribution paid or written off | - | (173,588) | - | - | 200,000 | - |
| Amount debited to Profit & Loss Account | 108 | 2,312 | 8,125 | - | 217,056 | - |

(h) Contribution to Provident Fund : ₹ Nil (Previous Year ₹ Nil)

25. Related Party Disclosure:

(a) Disclosure of related parties with whom business transactions took place during the year:

- Associates Vardhman Textiles Limited
- Key Management Personnel Ms. Poorva Bhatia (Chief Financial Officer)
Mr. Amrender Yadav (Company Secretary w.e.f. 10-02-2016)
Ms. Tanu Berry (Company Secretary upto 03-12-2015)

(b) Details of transactions entered into with related parties during the year as required by Accounting Standard (AS) -18 on "Related Party Disclosures" notified by The Companies (Accounts) rules, 2014 are as under:

(Amount in ₹)

| Particulars | Associates | | Key Management Personnel (KMP) | | Total | |
|---|--------------|---------------|--------------------------------|---------------|--------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Receipt against licence agreement (excluding service tax) | 8,453,266 | 8,690,860 | - | - | 8,453,266 | 8,690,860 |
| Dividend received | 391,177,771 | 169,428,578 | - | - | 391,177,771 | 169,428,578 |
| Rent Received | 180,000 | 180,000 | - | - | 180,000 | 180,000 |
| Managerial Remuneration | - | - | 942,581 | 75,818 | 942,581 | 75,818 |

Notes to Financial Statements for the year ended March 31, 2016

26. Prior period items are as follows :-

| | (Amount in ₹) | |
|-------------------------|----------------------------------|-----|
| | For the year ended 31.03.2016 | |
| | For the year ended 31.03.2015 | |
| a) Prior Period Income | 393,294 | NIL |
| b) Prior Period Expense | 757,287 | NIL |

27. The previous year figures have been reclassified to confirm to this year's classification.

28. In accordance with the provisions of Section 135 of the Companies Act, 2013 the company has contributed a sum of ₹ 10.00 lacs (Previous year ₹ Nil) towards approved CSR activities. The said amount stands debited to the "Miscellaneous" under the head "other expenses".

29. The information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per Schedule-III of the Companies Act, 2013 is not applicable to the Company.

As per our report of even date attached

Fro R. Dewan & Co.
Chartered Accountants
Firm Regn. No. 017883N

Rajiv Dewan
Partner
M. No. 084718

Amrender Yadav
Company Secretary

Poorva Bhatia
Chief Financial Officer

For and on behalf of the board of directors

Suchita Jain
Director
DIN: 00746471

S.P.Oswal
Chairman
DIN: 00121737

PLACE : LUDHIANA
DATED : 20-05-2016

VARDHMAN HOLDINGS LIMITED

CIN: L17111PB1962PLC002463

Registered Office: Vardhman Premises, Chandigarh Road, Ludhiana 141 010 (Punjab), India.

Phone No.: 0161-2228943-48, Fax: 0161-2601048, 2222616, 2601040,

E-mail: secretarial.lud@vardhman.com; Website: www.vardhman.com**ATTENDANCE SLIP
E-VOTING PARTICULARS****52nd ANNUAL GENERAL MEETING****2016**

I/We hereby record my/our presence at the 52nd Annual General Meeting of Vardhman Holdings Limited held at Vardhman Premises, Chandigarh Road, Ludhiana 141 010 on Monday, the 5th September, 2016 at 03.00 p.m.

Member's Folio/DP ID-Client ID No.

Member's /Proxy's name in Block Letters

Member's/Proxy's Signature

Note:

- Please complete the Folio/DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of meeting place.
- Electronic copy of the Annual Report for 2015-16 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
- Physical copy of Annual Report for 2015-16 alongwith Attendance Slip and Proxy Form is sent in permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

ELECTRONIC VOTING PARTICULARS

| EVSN (E-Voting Sequence Number) | USER ID / Folio No. / DP / Client ID | SEQUENCE NO. |
|---------------------------------|--------------------------------------|--------------|
| | | |

NOTE: Please read instructions given at Point No. 18 of the Notice of 52nd Annual General Meeting annexed in the Annual Report for 2015-16 of the Company, carefully before voting electronically.

VARDHMAN HOLDINGS LIMITED

CIN: L17111PB1962PLC002463

Registered Office: Vardhman Premises, Chandigarh Road, Ludhiana 141 010 (Punjab), India.

Phone No.: 0161-2228943-48, Fax: 0161-2601048, 2222616, 2601040,

E-mail: secretarial.lud@vardhman.com; Website: www.vardhman.com**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

I/We being the holder(s) of.....shares of the above named Company hereby appoint :

- Name :Address :
E-mail Id :Signature: or failing him;
- Name :Address :
E-mail Id :Signature: or failing him;
- Name :Address :
E-mail Id :Signature: or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 52nd Annual General Meeting of the Company to be held on Monday, the 5th September, 2016 at 03.00 p.m. at Vardhman Premises, Chandigarh Road, Ludhiana 141 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

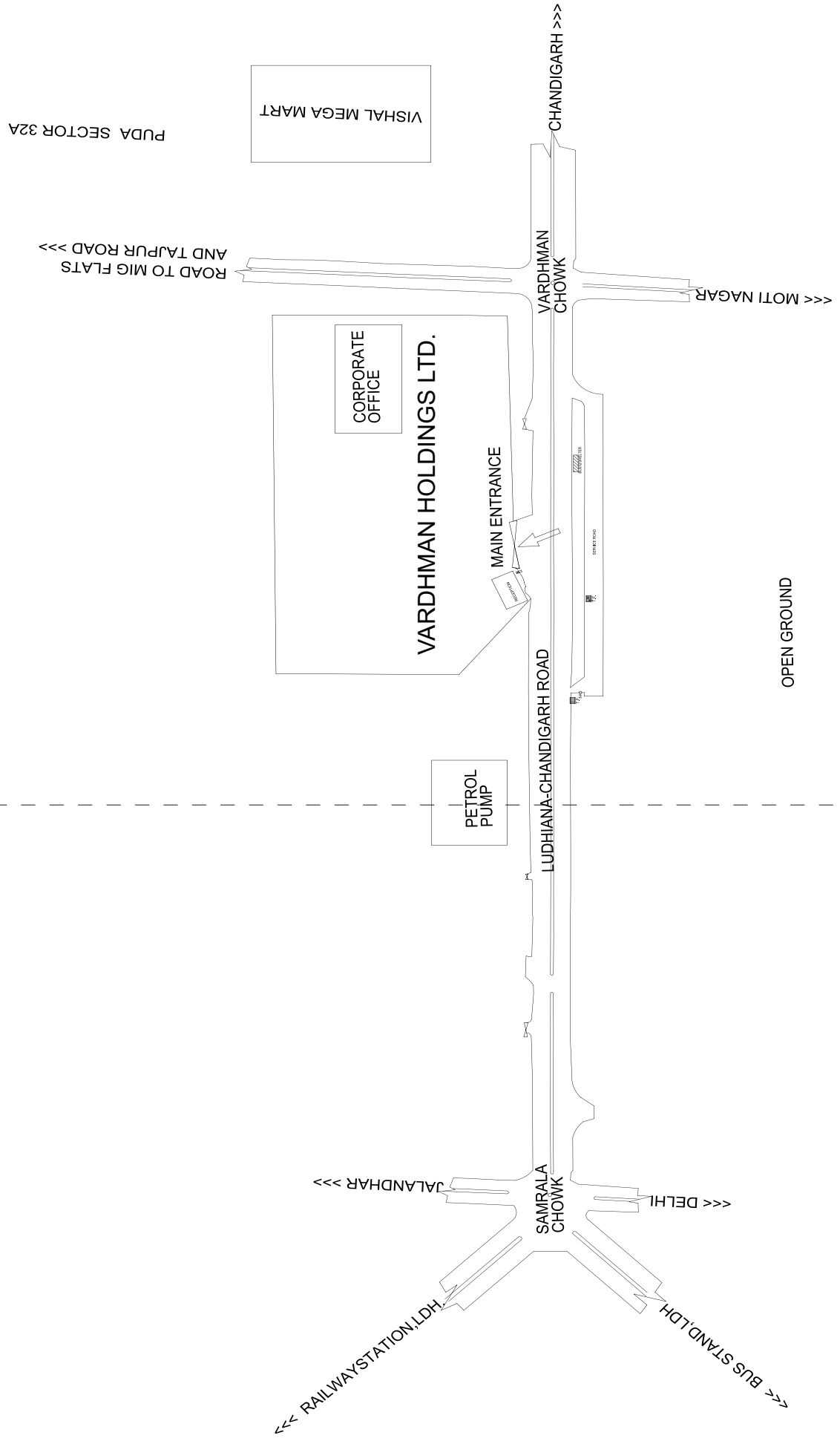
| Resolution No. | |
|--------------------------|---|
| Ordinary Business | |
| 1. | Adoption of Company's Financial Accounts for the Financial Year ended 31 st March, 2016. |
| 2. | Declaration of Dividend on equity shares. |
| 3. | Re-appointment of Mr. S. P. Oswal as a Director of the Company who retires by rotation. |
| 4. | Rectify the appointment of Statutory Auditors of the Company for year 2016-17. |

Signed this day of 2016.

Signature of shareholder Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Affix Revenue
Stamp not
less than
Rs. 0.15



VARDHMAN HOLDINGS LIMITED

CIN: L17111PB1962PLC002463

Registered Office: Vardhman Premises, Chandigarh Road, Ludhiana 141 010 (Punjab), India.

Phone No.: 0161-2228943-48, Fax: 0161-2601048, 2222616, 2601040,

E-mail: secretarial.lud@vardhman.com; Website: www.vardhman.com**ATTENDANCE SLIP
E-VOTING PARTICULARS****52nd ANNUAL GENERAL MEETING****2016**

I/We hereby record my/our presence at the 52nd Annual General Meeting of Vardhman Holdings Limited held at Vardhman Premises, Chandigarh Road, Ludhiana 141 010 on Monday, the 5th September, 2016 at 03.00 p.m.

Member's Folio/DP ID-Client ID No.

Member's /Proxy's name in Block Letters

Member's/Proxy's Signature

Note:

1. Please complete the Folio/DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of meeting place.
2. Electronic copy of the Annual Report for 2015-16 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of Annual Report for 2015-16 alongwith Attendance Slip and Proxy Form is sent in permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

ELECTRONIC VOTING PARTICULARS

| EVSN (E-Voting Sequence Number) | USER ID / Folio No. / DP / Client ID | SEQUENCE NO. |
|---------------------------------|--------------------------------------|--------------|
| | | |

NOTE: Please read instructions given at Point No. 18 of the Notice of 52nd Annual General Meeting annexed in the Annual Report for 2015-16 of the Company, carefully before voting electronically.

VARDHMAN HOLDINGS LIMITED

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Phone No.: 0161-2228943-48, Fax: 0161-2601048, 2222616, 2601040,

E-mail: secretarial.lud@vardhman.com; Website: www.vardhman.com**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

I/We being the holder(s) of.....shares of the above named Company hereby appoint :

1. Name :Address :
E-mail Id :Signature: or failing him;
2. Name :Address :
E-mail Id :Signature: or failing him;
3. Name :Address :
E-mail Id :Signature: or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 52nd Annual General Meeting of the Company to be held on Monday, the 5th September, 2016 at 03.00 p.m. at Vardhman Premises, Chandigarh Road, Ludhiana 141 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | |
|--------------------------|---|
| Ordinary Business | |
| 1. | Adoption of Company's Financial Accounts for the Financial Year ended 31 st March, 2016. |
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| 3. | Re-appointment of Mr. S. P. Oswal as a Director of the Company who retires by rotation. |
| 4. | Rectify the appointment of Statutory Auditors of the Company for year 2016-17. |

Signed this day of 2016.

Signature of shareholder Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Affix Revenue Stamp not less than Rs. 0.15

