



VARDHMAN TEXTILES LIMITED

Emerging Outlook of Indian Textile Industry



Dear Shareholders,

It gives me immense pleasure to share with you my perception of the global textile business and the Vardhman Group's initiatives on overall growth and operational excellence. I must confess this year is unusual for the economy and the textile business.

Indian economy is most likely to witness GDP growth of less than 8 percent in 2011-12 after consistently remaining above 8% in last couple of years. Slowing down of industrial growth caused by the tightening of monetary policy to curb unabated increase in inflation is one endogenous factor for the lower GDP estimates for FY2011-12. On the other side, sluggish recovery in global economy especially in developed world has acted as exogenous factor for the present economic situation.

The Indian textile industry too has been facing unprecedented period of difficulty due to slowing down in the demand especially from the beginning of current financial year 2011-12. The uncertainties in the export policy of Government of India related to cotton fiber and cotton yarn have added to the woes of the textile industry. The restrictions imposed on cotton yarn exports in the last quarter of FY2010-11 led to huge accumulation of cotton yarn inventory with the mills leading to crashing of yarn prices even after exports allowed from April 2011. The financial stress caused by aforesaid developments is likely to reflect in the reduced profitability of the textile industry in the country in FY2011-12.

Nevertheless, we are confident about the bright future of textile industry in long term under conducive policy environment. At present, this industry in India is one of the most modern as compared to our competitors such as China and Pakistan. The sub group set up by the Ministry of Textiles on fiber has estimated that the industry will need 35 Million plus spindles till 2020 to produce additional 4000 Million Kg of Yarn which will double our present production.

Vardhman Group is shaping itself well to meaningfully participate in emerging opportunities for Indian textile industry in medium to long run. We are also responding to the current challenges of rising costs and nearly stagnant demand both at domestic and export market, reflected in abnormally lower prices as well less inquiries for new orders. The prevailing business scene is a tough learning period to be nimble and responsive to the changing market dynamics. The company has initiated a process of reviewing systems and processes across the businesses with the objective of identifying scope of improvement for cost cutting and higher value addition. I believe that with the collective efforts, the company should emerge stronger through adaptive learning which also can reassure relatively a sustained performance.

With best wishes,



(SHRI PAUL OSWAL)
Chairman & Managing Director

BOARD OF DIRECTORS

SH. SHRI PAUL OSWAL — Chairman & Managing Director
 SH. S. PADMANABHAN — (Nominee of IDBI)
 SH. ARUN KUMAR PURWAR
 SH. PRAFULL ANUBHAI
 SH. SUBASH KHANCHAND BIJLANI
 SH. ASHOK KUMAR KUNDRA
 SH. DARSHAN LAL SHARMA
 SH. SHRAVAN TALWAR
 SH. SACHIT JAIN — Executive Director
 SMT. SUCHITA JAIN — Executive Director
 SH. NEERAJ JAIN — Executive Director

CGM (FINANCE, ACCOUNTS & TAXATION)

SH. RAJEEV THAPAR

COMPANY SECRETARY

SH. VIPIN GUPTA

AUDITORS

M/s S.C. VASUDEVA & CO.,
 CHARTERED ACCOUNTANTS,
 NEW DELHI

BANKERS

STATE BANK OF PATIALA, ALLAHABAD BANK
 ICICI BANK LTD., PUNJAB NATIONAL BANK
 STATE BANK OF INDIA, BANK OF INDIA
 CORPORATION BANK, IDBI BANK LTD.
 CANARA BANK, STANDARD CHARTERED BANK
 STATE BANK OF HYDERABAD, STATE BANK OF MYSORE
 ORIENTAL BANK OF COMMERCE

REGISTRAR & TRANSFER AGENT

ALANKIT ASSIGNMENTS LIMITED, NEW DELHI

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REGISTERED & CORPORATE OFFICE

CHANDIGARH ROAD, LUDHIANA-141 010.

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E-mail: secretarial.lud@vardhman.com

Web site: www.vardhman.com

WORKS

**ANANT SPINNING MILLS,
MANDIDEEP**

**ARIHANT SPINNING MILLS,
MALERKOTLA**

**ARISHT SPINNING MILLS,
BADDI**

**AURO DYEING,
BADDI**

**AURO SPINNING MILLS,
BADDI**

**AURO TEXTILES,
BADDI**

**AURO WEAVING MILLS,
BADDI**

**MAHAVIR SPINNING MILLS,
(GASSED MERCERISED YARN UNIT),
HOSHIARPUR**

**MAHAVIR SPINNING MILLS
(TEXTILE DIVISION), BADDI**

**VARDHMAN SPINNING AND GENERAL MILLS
(UNIT-I & II), LUDHIANA**

**VARDHMAN SPINNING MILLS,
BADDI**

**VARDHMAN FABRICS,
BUDHNI**

**VARDHMAN YARNS,
SATLAPUR**

**VARDHMAN FABRICS
(POWER DIVISION),
BUDHNI**

**VARDHMAN YARNS
(POWER DIVISION),
SATLAPUR**

BRANCHES

- P-22, 3rd Floor, Flat No.6,
C.I.T. Road, Scheme IV,
KOLKATA- 700 014.
- Chandigarh Road,
LUDHIANA- 141 010.
- 314, Solaris II, Opp. L&T Gate
No.6, Saki Vihar Road,
Andheri (East), MUMBAI- 400 072.
- 504, Dalamal House,
Nariman Point, MUMBAI- 400 021.
- 309-310, Surya Kiran Building,
19, Kasturba Gandhi Marg,
NEW DELHI- 110 001.
- 212, Urdu Ghar, 1st Floor,
Deen Dayal Upadhyaya Marg,
NEW DELHI-110 002.
- 377-B, Muthuswami Industrial
Complex, Palladam Road, TIRUPUR- 638 604.

NOTICE

NOTICE is hereby given that the THIRTY EIGHTH ANNUAL GENERAL MEETING of Vardhman Textiles Limited will be held on Saturday, the 23rd day of July, 2011 at 10.00 a.m. at the Registered Office of the Company situated at Chandigarh Road, Ludhiana, to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, Profit and Loss Account for the year ended on that date, together with Report of Auditors and Directors thereon.
2. To declare Dividend.
3. a). To appoint a Director in place of Mr. Sachit Jain, who retires by rotation in accordance with Article 108 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
b). To appoint a Director in place of Mr. Prafull Anubhai, who retires by rotation in accordance with Article 108 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
c). To appoint a Director in place of Mr. A. K. Kundra, who retires by rotation in accordance with Article 108 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2011-2012 and to fix their remuneration

BY ORDER OF THE BOARD

PLACE : NEW DELHI
DATED : 9th May, 2011

(VIPIN GUPTA)
COMPANY SECRETARY

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the directors seeking appointment/re-appointment in the Annual General Meeting as proposed in Item No. 3 of the notice is also being annexed hereto separately and forms part of the Notice.

3. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 12th July, 2011 to 23rd July, 2011 (both days inclusive)**
4. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However members, holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
5. Members desiring any information, as regards Accounts, are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
6. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
7. Members 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.
8. The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, taken a 'Green Initiative in Corporate Governance', by allowing paperless compliances through electronic mode, allowing to send documents such as Notice convening General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report, etc. and any other notice/documents, henceforth in electronic form in lieu of the paper form.

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

M/s Alankit Assignments Limited,
2E/21, Alankit House, Jhandewalan Extension,
New Delhi-110 055
Phone: (011) 41540060-63,
Fax: (011) 41540064,
E-mail: rta@alankit.com

BY ORDER OF THE BOARD

PLACE : NEW DELHI
DATED : 9th May, 2011

(VIPIN GUPTA)
COMPANY SECRETARY



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

Name of the Director	Mr. Sachit Jain	Mr. A.K. Kundra	Mr. Prafull Anubhai
Date of Birth	08.07.1966	15.04.1943	20.01.1938
Date of Appointment	30.03.1994	28.01.2009	26.07.1980
Expertise in specific functional area	Business Executive having rich experience of more than 21 years in Textile Industry	Retired from Indian Administrative Services and having expertise in Industrial Policy/ Industrial Administration and Planning.	Industrialist and Business Consultant having experience of more than 38 years.
Qualification	B.Tech, M.B.A.	M. A. Eco., Ph. D.	B.Com, B.S.C. (Eco.)-London
Directorships of Other Companies as on 31 st March, 2011	<ol style="list-style-type: none"> Vardhman Holding Limited. Vardhman Acrylics Limited. Vardhman Yarns & Threads Limited. Srestha Holdings Limited Santon Finance & Investment Company Limited. Flamingo Finance & Investment Company Limited. Ramaniya Finance & Investment Company Limited. Vardhman Spinning and General Mills Limited (formerly known as Vardhman Linen Limited) Pradeep Mercantile Company Private Limited Vardhman Apparels Limited Vardhman Nisshinbo Garments Company Limited Syracuse Investment & Trading Company Private Limited Adinath Investment & Trading Company. Devakar Investment & Trading Company Private Limited. Mahavir Spinning Mills Private Limited (formerly known as Vardhman Textile Processors Private Limited). Marshall Investment & Trading Company Private Limited. Plaza Trading Company Private Limited Anklesh Investments Private Limited VTL Investments Limited UTI Asset Management Company Limited. Vardhman Special Steels Limited. 	<ol style="list-style-type: none"> Nimbua Greenfield (Punjab) Limited. Punjab Alkalies & Chemicals Limited. Geojit Credits Private Limited. 	<ol style="list-style-type: none"> Unichem Laboratories Ltd. Gruh Finance Ltd. Torrent Cables Ltd. The EMSAF- Mauritius, Mauritius Vardhman Special Steels Limited. Management Structure & Systems Private Ltd. Baker Oil Tools (India) Private Ltd. Birla Sun Life Trustee Co. Pvt. Ltd. Centre For Science, Technology and Policy (CSTEP) (Section-25 Company)
Chairman/Member of Committees of other Companies as on 31 st March, 2011	<p>Audit Committee</p> <ol style="list-style-type: none"> VMT Spinning Company Limited (Chairman) Vardhman Yarns & Threads Limited (Chairman) Vardhman Nisshinbo Garments Company Limited (Member) UTI Asset Management Limited (Member) <p>Investors' Grievance Committee:</p> <ol style="list-style-type: none"> Vardhman Holdings Ltd. (Member) 	<p>Audit Committee</p> <ol style="list-style-type: none"> Geojit Credits Private Limited (Member) 	<p>Audit Committee</p> <ol style="list-style-type: none"> Gruh Finance Ltd. (Member) Torrent Cables Ltd. (Member) Unichem Laboratories Ltd. (Chairman) Birla Sun Life Trustee Co. Pvt. Ltd. (Chairman) <p>Shareholders'/Investors' Grievance Committee:</p> <ol style="list-style-type: none"> Gruh Finance Ltd. (Member) Torrent Cables Ltd. (Member)
No. of shares	40,005	NIL	NIL
Relationship with other Director(s)	Mr. S. P. Oswal is the Father-in-law and Mrs. Suchita Jain is the wife of Mr. Sachit Jain.	Not related to any Director	Not related to any Director

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 38th Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended, 31st March, 2011.

1. FINANCIAL RESULTS:

The Financial Results for the year are as under :-

PARTICULARS	2010-2011	(Rs. in Crore) 2009-2010
Turnover	3,636.96	2,767.22
Profit before Depreciation, Interest & Tax (PBDIT)	944.69	594.63
Interest and Financial expenses	109.81	86.73
Profit before Depreciation and Tax (PBDT)	834.88	507.90
Depreciation	226.02	220.87
Profit before Tax (PBT)	608.86	287.02
Provision for Tax	123.75	56.75
- Current	4.65	16.51
- Deferred Tax (Net of Adjustment)		
Tax adjustment of previous years	0.66	-
Tax effect (Premium on redemption of FCCBs)	10.09	-
Profit after Tax (PAT)	469.71	213.76
Corporate Dividend Tax written back	1.24	1.95
Balance brought forward	131.35	60.85
Adjustment of preceding years tax effect in respect of premium paid on redemption of FCCB	25.12	-
Balance available for appropriation	577.18	276.56
Appropriations:		
Proposed dividend on:		
-Equity shares	28.64	17.33
-Corporate Dividend Tax	4.65	2.88
	33.29	20.21
Transfer to General Reserve	300.00	125.00
Surplus carried to Balance Sheet	243.89	131.35
	577.18	276.56
Earnings per share (Rs.)		
- Basic	78.06	37.00
- Diluted	78.06	31.83
Dividend per share (Rs.)	4.50	3.00

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**A) BUSINESS REVIEW:**

The global economy kicked off a sputtering growth in FY 2010-11 with developed economies showing faint signs of revival. The main engine of global growth, the United States, moved into a recovery mode with employment coming off highs & retails sales growing month on month, albeit slightly, and consumer confidence improving. This growth was accompanied by a huge surge in world commodity prices, with the Continuous Commodity Index (CCI) surging more than 42% during the year. This rise was mainly attributed to the \$600 billion of Quantitative Easing part Deux (QE2) by the Federal Bank of America which released unprecedented amounts of liquidity. This liquidity got channeled into commodities and prices soared.

This also gave rise to supply side inflation and fast growing economies in Asia bore the brunt. Their economies had barely recovered from the financial

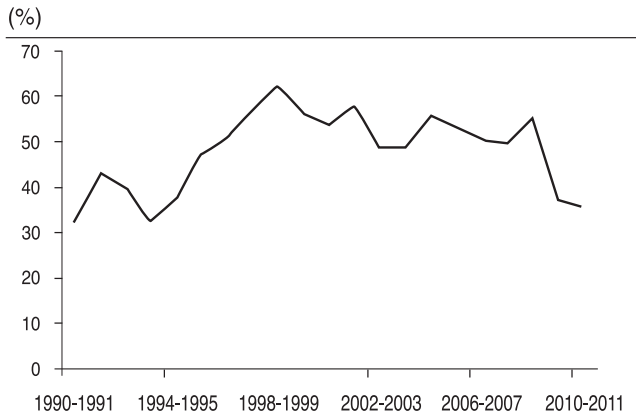
crises of FY 2008-09 and raising rates at this juncture would have meant putting a spanner in the way of growth. Most Asian economies therefore held off raising interest rates till the second half of the year and then a series of quick rate hikes followed, more particularly in China & India, who have clearly indicated that they don't mind sacrificing growth at the altar of inflation control. As a result, the earnings growth is expected to be hit in the current fiscal. Further, the QE2 will come to an end in June 2011 and the Fed has no plans of a QE3 as of now. In anticipation, the commodities have already come off their lifetime highs.

Cotton & Yarn:

Cotton prices were buoyed by strong global fundamentals, with US Department of Agriculture (USDA) reports forecasting a 6% y/y reduction in end season stocks to 41.5 million bales (of 480 lbs). This compares with 43.9 million bales (mb) in 2009-10 and 60.5mb in 2008-09.

Although global cotton demand dipped by around 1.3% y/y in 2010-11, import demand from China rose by 37% y/y over the same period. Both developments were mainly due to supply constraints and global price rationing following a 8% decline in China's cotton output. China traditionally accounts for 30% of global cotton production. Extremely tight global end-season stocks underpinned prices; the stocks-to-use ratio at 35% will be the tightest since the 1993-94 season.

Global Stock-to-use ratio lowest since 1993-94:



Sources: USDA, Standard Chartered Research

In 2010-11, the cotton crop in China & Pakistan was damaged by bad weather and the global production fell. This led to an increase in cotton prices. The boom in prices was also fuelled by speculative trading in commodities which increased prices beyond fundamentals.

India had exported 8.5 million bales of cotton in 2009-10. In September 2010, the Government of India announced a cap of 5.5 million bales of cotton for exports, around 18% of the estimated production of 31.5 million bales (of 375 lbs) in the current cotton season (CS) 2010-11. This led to lesser availability of cotton for trade and with high import demand from China, international prices rose during the month. Prices in India also increased. The Cotlook A index rose by 133% from \$1 per pound in September, 2010 to about \$2.33 per pound in March, 2011 due to limited availability for exports on the back of restrictions by India coupled with robust demand from China and traditional importing countries. Indian Shankar 6 rose in tandem from Rs.37,000/ candy in Sept 2010 to Rs.60,000/ candy in March 2011.

In line with cotton prices, cotton yarn prices also continued to remain high. This increase was in fact more than the increase in cotton prices due to pent up demand in the system where the pipeline of yarn stocks was at very low levels and also due to increased demand from a recovering global economy. Cotton yarn prices touched a high of \$6.50/kg. To look at this in perspective, the average of the last 20 years was around \$3/kg, with \$4.5/kg being the previous all time high in cotton yarn prices. These prices have since corrected and touched around \$4.50-\$5.00 in the middle of May 2011.

In order to curtail the rise in cotton yarn prices, the Indian Government had imposed a limit of 720 mln kgs on cotton yarn to be exported in FY 2010-11.

Outlook for Cotton Prices:

These high prices are not expected to sustain, in part on expectations of increased acreage, particularly in US, China & Africa. China's import demand is also expected to slow down on a combination of high market prices, stronger output and competition from synthetic fibres. China has also planned a cotton purchase-and-reserve policy in 2011 with a view to stabilising prices in the new season. Pakistan, where floods devastated cotton crops in the 2010-11 season, is another market which is likely to see a substantial increase in cotton output from previous year.

Overall, the world market is expected to remain structurally tight (although better than FY 2010-11), but this will not be fully apparent until later in the season when the new crop stocks are drawn down. Global cotton production is expected to increase by about 13% from 24.5 million tonnes in cotton season 2010-11 (Oct to Sept) to 27.5 million tonnes in cotton season 2011-12. The closing stock of 2011-12 is expected to be around 10.5 million tons which is higher than last 2 years but still lower than normal closing stock levels in the past. The stock-to-use ratio is expected to improve to about 42% but will still be lower than the normal 48-52% in the past (excluding last 2 years).

In anticipation of a bumper cotton crop this year, global cotton prices as of now have already come off their previous highs. The Dec New York future is significantly lower than the current New York future. Global yarn prices are decreasing in line with the cotton prices. The anticipation in the market is that prices may come off further and therefore the demand for yarn has reduced as buyers are waiting for lower prices to buy.

Overall, this year is likely to be turbulent and may have adverse impact on the operations of the Industry at large. However because of prudent cotton buying practices and conservative financial norms, Vardhman may not get as much affected as the rest of the spinning industry.

Technology Upgradation Fund Scheme (TUFS):

TUFS had been suspended temporarily by the government in June 2010. The Scheme has now been re-instated with a few changes; (i) Capital subsidy will now be available on looms for weaving as well. (ii) a 5% interest reimbursement may be given to the spinning units (against 4% earlier) if the unit is set up with matching downstream capacity in weaving/processing. (iii) A cap of Rs.1,982 crores has been put on the total subsidy which will be given for the next one year. This has been allocated between various sectors.

The sunset clause of the scheme remains unchanged at March 31, 2012. All loans sanctioned till that date will be eligible for subsidy for the life of the loan.

Women Empowerment at Vardhman:

Vardhman Group has a long tradition of non-discriminatory gender neutral Human Resource (HR) policy based on mutual trust, robust value system and transparent procedures. The top management's

commitment to the cause has seen growing female participation at all levels of work spanning from high profile corporate assignments to shop floor operations.

The company has seen entry of female in top management right up to executive director position. This is followed by positions occupied by females of all age groups at different corporate positions including several high profile departments.

In spite of the fact that textile is a hard core manufacturing industry, the organization has witnessed growing numbers of female working at shop floor. The use of technology and rigorous training imparted at various training centers coupled with stringent safety measures, which includes setting up of various female hostels, has led to a situation where women consist of almost one-fourth of the total workforce. This has led to social empowerment of females belonging to semi skilled category especially from rural background. On the other hand, the organization has benefited handsomely in terms of higher commitment and increased discipline at shop floor leading to improved productivity and better working environment.

B) FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

• Production & Sales Review:

During the year under review, your company has registered a turnover of Rs. 3,636.96 crore as compared to Rs. 2,767.22 crore showing an increase of 31.43% over the previous year turnover. The export of the Company increased from Rs. 704.00 crore to Rs. 1,218.26 crore, showing an increase of 73.05% over the previous year mainly due to price rise and better product/market penetration. The business wise performance is as under:-

a). Yarn:

The production of Yarn increased from 126,146 MT to 130,861 MT during 2010-2011. The sales revenue of yarn increased from Rs. 1,476.99 crore to Rs. 2,041.06 crore during the year under review.

b). Steel:

The steel business of the Company stand vested in Vardhman Special Steels Limited w.e.f 1.1.2011 pursuant to the scheme of Arrangement and Demerge as sanctioned by Hon'ble Punjab & Haryana High Court. However for the nine months ending 31st, December 2010, the production of steel ingots/billets has been 64,581 MT and that of Rolled products has been 57,060 MT.

c). Fabric:

During the year, the production of processed fabric increased from 60.78 million meter to 75.44 million meter, showing an increase of 24.12% over the previous year. The sales revenue of the processed fabric also increased from Rs. 556.52 crore to Rs. 828.20 crore showing an increase of 48.81% over the previous year.

• Profitability:

The Company earned profit before depreciation, interest and tax of Rs. 944.69 crore as against Rs. 594.63 crore in the previous year. After providing for depreciation of Rs. 226.02 crore (Previous year Rs. 220.87 crore), interest of Rs. 109.81 (Previous Year

86.73 Crore), provision for current tax Rs. 134.50 crore (Previous year Rs. 56.75 crore), provision for deferred tax (net of adjustments), Rs. 4.65 crore (Previous year Rs. 16.51 crore), the net profit from operations worked out to Rs. 469.71 crore as compared to Rs. 213.76 crore in the previous year.

• Resources Utilisation:

a). Fixed Assets:

The gross fixed assets (including work-in-progress) as at 31st March, 2011 were Rs. 3,822.83 crore as compared to Rs. 3,611.65 crore in the previous year.

b). Current Assets:

Debtors outstanding for more than six months were Rs. 11.37 crore as compared to Rs. 13.00 crore in the previous year. The net current assets as on 31st March, 2011 were Rs. 2,328.12 crore as against Rs. 1,769.52 crore in the previous year. Inventory level was at Rs. 1,598.39 crore as compared to the previous year level of Rs. 1,107.46 crore.

• Financial Conditions & Liquidity:

The Company presently enjoys a rating of "AA with stable outlook" and "P1+" from Credit Rating Information Services of India (CRISIL) for long term and short term borrowings respectively. Management believes that the Company's liquidity and capital resources should be 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:-

	(Rs. in crore)	
	2010-2011	2009-2010
Cash and Cash equivalents:		
Beginning of the year	222.07	357.21
End of the year	48.77	222.07
Net cash provided (used) by:		
Operating Activities	(24.10)	(79.72)
Investing Activities	(327.45)	(97.06)
Financial Activities	182.63	41.64
Transfer to VSSL on Demerger	(4.38)	-

C) INTERNAL CONTROL SYSTEM:

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 it measures the efficiency, adequacy and effectiveness of other controls in the organization. All significant issues are brought to the attention of the Audit Committee of the Board.

D) MANAGEMENT PERCEPTION OF RISK AND CONCERN:

One of the key challenge to the textile industry is related to raw material prices mainly cotton prices which has seen very steep hike in 2010-11 and the same is still volatile creating uncertainties for textile manufacturers.

The second important challenge is rising energy prices which could adversely impact the profitability of textile mills. The third main issue for the textile industry is the non-availability of skilled manpower coupled with high labour cost prevailing in the country.



Uncertainty in the government export policy is other major challenge for the textile industry under which the government banned cotton yarn exports last year which lead to high inventory cost and losses to the Indian textiles manufacturers and there is a fear of withdrawal of duty draw back benefits etc. to the exporters.

We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements, imparting training to the workforce on the continued basis, process improvements and improved customer services to mitigate the growing cost pressure

E) HUMAN RESOURCES/INDUSTRIAL RELATIONS:

The Company continues to lay emphasis on building and sustaining an excellent organization climate based on human performance. Performance management is the key word for the company. During the year the Company employed over 24000 employees.

Pursuit of proactive policies for industrial relations has resulted in a peaceful and harmonious situation on the shop floors of the various plants.

3. SUBSIDIARIES:

The Company has following subsidiary companies the details of profitability of which are given below:-

VMT Spinning Company Limited (VMT)

Business of this subsidiary of the Company which is a Joint Venture with Marubeni Corporation and Toho Rayon Company Limited of Japan remained good. The sales revenue of the Company has increased to Rs. 128.34 crore from Rs. 101.65 crore in the last year and the net profits of the Company increased from Rs. 10.13 crore to Rs. 14.67 crore. Out of the total present paid-up capital of Rs. 20.70 crore, your Company holds 73.33 %. The Board of Directors of VMT has recommended a dividend of 12% for the year 2010-2011.

VTL Investments Limited (VTL)

This 100% subsidiary of your Company is engaged in the business of investments in the shares etc. The earnings of the company mainly comes from the dividend/interest earned on its investments and profits made on sale of investments. During the year the company has earned a net profit of Rs.1.06 crores.

Vardhman Acrylics Limited (VAL)

Vardhman Acrylics Limited (VAL) is another subsidiary of the Company which is engaged in the business of manufacturing of Acrylic Fibre. Presently the company holds 58.74% shares in this subsidiary. During the Financial Year 2010-2011, VAL recorded a sales volume of Rs. 430.33 crore as against Rs. 286.74 crore, an increase of 50.08% over the previous year, however the net profit for the year has decreased to Rs. 37.64 crore from Rs. 43.44 crore in the previous year.

Vardhman Yarns & Threads Limited (VYTL)

This subsidiary of the Company, a Joint Venture with American & Effird Inc. (A&E), is engaged in the business of Threads Manufacturing and Distribution. The Company has a joint venture partnership of 51:49 with A&E, which is the second largest global player in Threads Manufacturing and Distribution, in VYTL. During the year under review, the gross sales of this Company were Rs. 426.10 crore and the

Profit after tax was Rs. 49.31 crore. The Board of Directors of this Company has recommended a dividend @ 23% for the year 2010-11.

Vardhman Nisshinbo Garments Company Limited (VNGL)

This subsidiary of the Company which is a Joint Venture partnership of 51:49 with Nisshinbo Textiles Inc., Japan for manufacturing world class shirts started production in the 2nd half of the year and it incurred a loss of Rs. 1.99 crore as its operations are stabilizing.

Vardhman Special Steels Limited (VSSL)

During the year Vardhman Special Steels Limited was got incorporated as the 100% subsidiary of the Company. Pursuant to the Scheme of Arrangement & Demerger between Vardhman Textiles Limited and Vardhman Special Steels Limited and their respective shareholders & creditors, the Steel Business Undertaking of Vardhman Textiles Limited stand vested in Vardhman Special Steels Limited w.e.f. 01.01.2011 and the shareholders holding shares in Vardhman Textiles Limited were to be allotted one share for every five shares held in Vardhman Textiles Limited as on the relevant record date fixed for the purpose i.e. 30.03.2011. The said allotment of shares was made on 08.04.2011 and Vardhman Special Steels Limited ceased to be a subsidiary of the Company w.e.f. 08.04.2011.

4. QUALIFIED INSTITUTIONAL PLACEMENT :

During the year under review, the Company has made a Qualified Institutional Placement (QIP) to Qualified Institutional Buyers of 58,82,352 Equity Shares of Rs. 10/- each at a premium of Rs. 330/- aggregating to approx. Rs. 200 Crores. Consequently, the paid-up capital of the Company has increased to Rs. 63.65 crores.

5. STEEL BUSINESS RE-STRUCTURING :

During the year under review, pursuant to the Scheme of Arrangement & Demerger between Vardhman Textiles Limited and Vardhman Special Steels Limited and their respective shareholders & creditors as approved by the Board of Directors and Shareholders of respective Companies and sanctioned by the Hon'ble High Court of Punjab & Haryana at Chandigarh under Section 391-394 vide its Order dated 12th January, 2011, the Steel Business Undertaking of the Company has been demerged into a separate Company, Vardhman Special Steels Limited w.e.f. 1st January, 2011.

6. DIVIDEND:

The Board of Directors of your Company has recommended dividend of Rs. 4.50 per share on the Fully Paid-up Equity Shares of the Company.

7. DIRECTORS:

The nomination of Ms. Amita Narain, the nominee of IDBI Ltd. on the Board of the Company, was withdrawn by IDBI Ltd. w.e.f. 21.06.2010 and Mr. S. Padmanabhan was nominated in her place.

Mr. Sachit Jain, Mr. Prafull Anubhai and Mr. A. K. Kundra, Directors of the Company, retire by rotation at the conclusion of the forthcoming Annual General Meeting, pursuant to the provisions of Article 108 of the Articles of Association of the Company and being eligible, offer themselves for re-appointment. The Board recommended their re-appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

Mr. S.P. Oswal was re-appointed as the Chairman and Managing Director of the Company for a further period of 5 years w.e.f. 01.06.2010.

8. CORPORATE GOVERNANCE:

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

9. AUDITORS:

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

10. AUDITORS' REPORT:

The Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended March 31, 2011. In their report, they have made an observation that loss, if any, on valuation of open derivative options could not be determined by the Company due to certain reasons as specified in Note 13 of the Notes to Accounts. The ultimate outcome of these transactions and their effect on these accounts cannot be ascertained at this stage.

As you are aware that a part of revenue of your Company comes from export sales and the company is also having exposure towards imports and as such Company has foreign currency fluctuation exposure. The Company also hedges its foreign currency fluctuation exposure by way of foreign currency derivative options. The Company has taken various USD/INR options from banks. As at March 31, 2011, there are 15 options (Previous Year 7) against exports and 5 options (Previous Year Nil) against Imports having a maturity period up to January 2016 (Previous Year June 2013). These derivative options are proprietary products of banks which do not have a ready market and are not tradeable in the open market. These options are marked to a model, which is bank specific instead of being marked to market. In view of the significant uncertainty associated with the above derivative options, the ultimate outcome of which depends on future events which are not under the direct control of the company, the resultant gain/loss if any, on such open derivative options cannot be determined at this stage and has accordingly not been accounted for in the books of accounts. The other points of Auditors' Report are self-explanatory and needs no comments.

11. COST AUDITORS:

The Board of Directors has re-appointed M/s. Ramanath Iyer & Company, Cost Accountants, New Delhi as the Cost Auditors of the Company under Section 233B of the Companies Act, 1956, for the year 2011-12. The Cost Auditors' Report for the financial year 2011-2012 will be forwarded to the Central Government as required under law.

12. STATEMENT OF PARTICULARS OF EMPLOYEES:

A Statement of Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 is enclosed and forms part of this report.

13. GROUP:

The Company, inter-alia with the following entities, constitutes a 'Group' as defined under the Monopolies and Restrictive Trade Practices Act, 1969: -

- Vardhman Holdings Limited
- Vardhman Special Steels Limited
- VTL Investments Limited
- Adinath Investment and Trading Company
- Devakar Investment and Trading Company Private Limited.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Energy conservation continues to be an area of major emphasis in your Company. Efforts are made to optimize the energy cost while carrying out the manufacturing operations. Particulars with respect to conservation of energy and other areas as per Section 217(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are annexed hereto and form part of this report.

15. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section-217 (2AA) of the Companies Act, 1956, the Directors confirm that in the preparation of the annual accounts, the applicable accounting standards have been followed;

- appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on 31st March, 2011;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts have been prepared on a going concern basis.

16. ACKNOWLEDGMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, Bankers and Business Constituents for their continued and valuable co-operation and support to the Company. They also take this opportunity to express their deep appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year.

FOR AND ON BEHALF OF THE BOARD

PLACE : NEW DELHI
DATED : 9th May, 2011

(S.P. OSWAL)
CHAIRMAN &
MANAGING DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011:

I. CONSERVATION OF ENERGY:

The Company has over the previous years taken several steps to conserve energy wherever possible. This continues to remain thrust area with studies, discussions and analysis being undertaken regularly for further improvements. The Company has put in heat recovery systems, lighting system to channelise heat energy and also condensate recovery system in its boilers. The use of inverters is being explored as well.

The desired information is enclosed herewith

Conservation measure taken, proposed measures being implemented for reduction of consumption of energy and consequent impact thereof on the cost of production of goods in Vardhman Textiles Limited for the year 2010-11:

Sr. No.	Measures taken	Saving amount (Rs. Lacs)	Energy savings (In Lac Units)
1.	Replacement of old Distribution Transformers with Energy Efficient transformers, installation of Harmonic Filter Panels, Installation of Variable Frequency Drives, replacement of old & re-wound motors with Energy Efficient Motors, replacement of derated & defective Capacitors, Water system for process & colony, Machine automation, Compressed air system	169.26	33.80

FORM-A:				B) CONSUMPTION PER UNIT OF PRODUCTION:			
PARTICULARS		U.O.M.	2010-11	2009-10	Yarn (Cotton & Acrylic):		
(A) POWER AND FUEL CONSUMPTION:				1. Electricity:			
1. Electricity:				Electricity			
a) Purchased:				Coal			
Units	(KWH in lac)		4974.94	4593.98		(KWH/KG)	4.17
Total Amount	(Rs. In lac)		21389.31	19312.29		Kg./Kg	2.11
Rate Per Unit	Rs./KWH		4.30	4.20		Kg./Kg	2.51
(B) Own Generation				2. Fabric :			
Through Diesel Generator				Electricity-Grey Fabric			
Units	(KWH in lac)		198.11	377.02		Kwh/Mtr	0.86
Unit/Ltr. of Diesel	KWH		3.72	3.85		Kwh/Mtr	0.48
Cost Per Unit	Rs./KWH		8.49	5.57		(Kg./mtr)	0.52
(C) Own Generation from STG				Steam (Used for Grey Fabric)			
Units	(KWH in lac)		3066.03	2751.19		(Kg./mtr)	0.52
Value	(Rs. in lac)		11445.66	10861.88		(Kg./mtr)	4.23
Cost Per Unit	Rs./KWH		3.73	3.95			4.07
2. Coal (Used In Boiler) :				3. Steel Billets/Ingots :			
Quantity	MT		364654.26	360071.27		(KWH/MT)	895.02
Total Cost	(Rs. in lacs)		10380.37	10635.83		(Ltr/MT)	8.53
Average Rate	(Rs./MT)		2846.63	2953.81			10.54
3. Oil (Ldo/Hdp/Rfo/Hps) :				4. Rolled Steel :			
(Used In Boiler)				Electricity			
Quantity	(K. LTRS.)		655.93	3386.89		(Kwh/MT)	87.45
Total Cost	(Rs. in lac)		170.88	814.20		(Ltr/MT)	46.69
Average Rate	(Rs./Litre.)		26.05	24.04			42.93
4. Others (Husk Used In Boiler) :				Furnace Oil/L.D.O.			
Quantity	MT		68573.99	62057.82			
Total Cost	(Rs. in lac)		2749.00	2025.33			
Average Rate	(Rs./MT)		4008.80	3263.61			

II. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished in Form-B as enclosed herewith: -

A) RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which Research & Development is carried out by the Company:

Research & Development is carried out for development of new products and for improvement in the production process and quality of products. The Company has been able to pioneer the launch of new products that have been successful in the market due to its R&D efforts.

2. Benefits derived as a result of R&D:

The Company has been continuously improving the quality of its existing products and entered into new products and also been able to reduce the cost of production.

3. Future Course of action:

Management is committed to strengthen R&D activities further to improve its competitiveness in times to come.

4. Expenditure on R & D:

	(Rs. in lac)	
	2010-11	2009-10
Capital	145.90	91.45
Recurring	37.67	50.52
Total	183.57	141.97
Total R & D expenditure as a Percentage of turnover is	0.05%	0.05%

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts made:

The Company is continuously making efforts for adaptation of latest technology in all its units. The Company has also created specific cells for studying and analysing the existing processes for further improvement.

2. Particulars of technology imported in the last five years.

a) Technology imported	NIL
b) Year of import	N.A.
c) Has technology been fully absorbed	N.A.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to export, initiatives taken to increase exports, development of new export market for products and services and export plans are given hereunder:

- Exports of yarns diversified into more value added products. Growth of value added yarn exports is around 37% in comparison to last financial year.
- Enhanced the sale of more environment friendly yarns.
- Entered into new markets and established ourselves.
- Achieved 15.58% growth in exports in quantity terms over the last financial year.
- Targeting same level of growth in the next financial year.

Total Foreign Exchange earned and used:

	(Rs. In crore)	
	2010-11	2009-10
a). Earnings (FOB value of Exports, commission earned)	1,218.26	704.00
b). Outgo (CIF value of Imports and expenditure in foreign currency)	330.77	253.25

STATEMENT OF PARTICULARS OF EMPLOYEES

INFORMATION REQUIRED AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

(A) PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN Rs.60,00,000/- PER ANNUM

S. No.	Name of Employee	Designation/Nature of duties	Remuneration (In Rs. lac)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last Employment
1.	Mr. S.P. Oswal	Chairman & Managing Director	1315.55	M.Com	69	44	01.06.2005	Chairman and Managing Director Vardhman Spinning and General Mills Limited

CORPORATE GOVERNANCE REPORT

This report on Corporate Governance forms part of the Annual Report. Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensure that a Company meets its obligations to optimize shareholders' value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. Your Company is committed on adopting the best practices of Corporate Governance as manifested in the Company's functioning to achieve the business excellence by enhancing long-term shareholders' value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities is hallmark of the best practices followed by the Company. This report on Corporate Governance, besides being in compliance of the mandatory Listing Agreement, gives an insight into the functioning of the Company.

1. COMPANY'S PHILOSOPHY:

- ❖ Faith in bright future of Indian textiles and hence continued expansion in areas "which we know best".
- ❖ Total customer focus in all operational areas.
- ❖ Products to be of best available quality for premium market segments through TQM and zero defect implementation.
- ❖ Global orientation targeting – at least 20% production for exports.
- ❖ 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 improvements 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:

i) Board Meetings:

During the financial year 2010-2011, the Board met 5 times on the following dates:

- 7th May, 2010 - 17th July, 2010
- 21st August, 2010 - 22nd October, 2010
- 2nd February, 2011.

ii) Composition as on March 31st, 2011:

The Board of Directors comprises of a Chairman & Managing Director, three Executive Directors and seven Non-Executive Directors including one Nominee Director. Out of the total strength of 11 directors, 6 directors are independent, thus it meets the stipulated requirement.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at last Annual General Meeting of the Company as also the number of other Directorship/Chairmanship in Indian Public Limited Companies are as follows :-

Name of Director	Designation & Category	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in other Companies	No. of Committee Memberships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanship in other Companies
Shri S.P. Oswal	Chairman and Managing Director	4	Yes	11	-	6	-
Mr. Arun Kumar Purwar	Non-Executive Independent Director	1	No	9	5	2	2
Mr. Neeraj Jain	Executive Director	4	No	2	-	-	-
Mr. Prafull Anubhai	Non-Executive Independent Director	5	Yes	4	5	-	1
Mr.S.K. Bijlani	Non-Executive Independent Director	1	No	2	-	-	-
Mr. Sachit Jain	Executive Director	5	Yes	13	5	1	2
Mr. D.L. Sharma	Non-Executive Non-Independent Director	4	Yes	5	5	1	-
Mr A. K Kundra	Non-Executive Independent Director	5	No	2	-	1	-
Mrs. Suchita Jain	Executive Director	5	No	7	-	-	-
Mr. Shravan Talwar	Non-Executive Independent Director	3	No	-	-	-	-
Mr. S. Padmanabhan*	Non-Executive Independent Director	2	No	-	-	-	-

* The nomination of Ms. Amita Narain, the nominee of IDBI Ltd. on the Board of the Company, was withdrawn by IDBI Ltd. w.e.f. 21.06.2010 and Mr. S. Padmanabhan was nominated in her place.

Disclosure of Change

Mr. S.P.Oswal was re-appointed as the Chairman and Managing Director of the Company for a further period of 5 years w.e.f. 01.06.2010. The nomination of Ms. Amita Narain, the nominee of IDBI Ltd. on the Board of the Company, was withdrawn by IDBI Ltd. w.e.f. 21.06.2010 and Mr. S. Padmanabhan was nominated in her place.

3. AUDIT COMMITTEE:

As at 31st March, 2011, the Audit Committee comprised of 5 Directors i.e. Mr. Prafull Anubhai, Mr. A.K Kundra, Mr. D.L. Sharma, Mr. S.K. Bijlani and Mr. Shravan Talwar. Mr. Prafull Anubhai is the Chairman of the committee. Mr. Vipin Gupta is the Secretary of the Committee. The terms of reference of the Audit Committee are, as contained in section 292A of the Companies Act, 1956, and also as contained in Corporate Governance Clause of the Listing Agreement.

The Audit Committee met four times during the financial year 2010-2011 on the following dates:

- 7th May, 2010
- 17th July, 2010
- 22nd October, 2010
- 2nd February, 2011.

The attendance of the members of the Audit Committee during the financial year 2010-2011 is given below: -

Committee Members	Category	No. of Audit Committee Meetings Attended
Mr. Prafull Anubhai	Non-Executive Director	4
S.K. Bijlani	Non-Executive Director	-
A.K Kundra	Non-Executive Director	4
D.L Sharma	Non-Executive Director	3
Shravan Talwar*	Non-Executive Director	-

* Mr. Sharvan Talwar became the member of the Audit Committee w.e.f. 22.10.2010 .

4. DIRECTORS' REMUNERATION:

i) Chairman and Managing Director/Executive Directors:

The Company pays remuneration to Chairman and Managing Director and to the Executive Directors as approved by the Board of Directors and the Members of the Company in the General Meeting.

The detail of remuneration paid to the Directors during the year 2010-2011 is as given below:

(Rs. in lac)

Name	Designation	Salary	Perquisites	P.F. Contribution	Commission	Gross remuneration
Mr. S.P. Oswal	Chairman & Managing Director	56.49	9.14	4.84	1,245.07	1,315.55
Mr. Sachit Jain	Executive Director	29.41	1.23	2.52	15.76	48.92
Mrs. Suchita Jain	Executive Director	24.60	1.14	1.80	11.25	38.79
Mr. Neeraj Jain	Executive Director	21.46	1.44	1.48	9.27	33.65

ii) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board & Committee Meetings.

The detail of sitting fees paid to the Non-Executive Directors during the Financial Year 2010-2011 is given hereunder : -

S.No.	Name of Director	Sitting Fee (Rs.)
1.	Mr. Prafull Anubhai	1,15,000
2.	Mr. A.K. Kundra	1,25,000
3.	Mr. S.K. Bijlani	15,000
4.	Mr. S.Padmanabhan (IDBI Nominee)	30,000
5.	Mr. A.K. Purwar	15,000
6.	Mr. Shravan Talwar	45,000



5. SHAREHOLDING OF DIRECTORS AS ON 31.03.2011.

The shareholding of the Directors in the Equity Share Capital of the Company is given as follows: -

<u>Name of Directors</u>	<u>Number of Shares held</u>
Mr. S.P. Oswal	643,156
Mrs. Suchita Jain	261,334
Mr. Sachit Jain	40,005
Mr. Neeraj Jain	15

** No other director holds any share in the Equity Share Capital of the Company.

6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Investors' Grievance Committee constituted by the Company looks into the redressal of investors' complaints on various issues.

As at 31st March, 2011, the Investors' Grievance Committee comprised of Mr. A.K. Kundra, Mr. D.L. Sharma and Mr. Sachit Jain. The Shareholders'/ Investors' Grievance Committee met once during the year on 02.02.2011. The Compliance officer of this committee is Mr. Vipin Gupta, Company Secretary.

During the financial year 2010-2011, the Company has received 154 complaints related to non-receipt of dividend, bonus shares, annual report and transfer of shares, etc. All the complaints have been duly resolved by the Company and there is no pendency in respect of shares received for transfer during 2010-2011 except those that are disputed/sub-judice.

7. GENERAL BODY MEETINGS:

The details of General Body Meetings held during the last three financial years are given as follows:

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
37th Annual General Meeting for the Financial year ended 31st March,2010.	Saturday, 17th July,2010 at 10.00 a.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010	Nil
36th Annual General Meeting for the Financial year ended 31st March, 2009.	Saturday, 25th July, 2009 at 12.00 noon	Regd. Office, Chandigarh Road, Ludhiana- 141010	Nil
35th Annual General Meeting for the Financial year ended 31st March, 2008.	Saturday, 30th August, 2008 at 3.30 p.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	Nil

The Company has not passed any resolution through postal ballot, during the financial year 2010-2011. No resolution is proposed to be passed by postal ballot in forthcoming Annual General Meeting.

8. DISCLOSURES:

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

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

9. 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 Financial Results are published in prominent daily newspapers viz., "Business Standard" and "Desh Sewak". The Financial Results of the Company are also made available at the Company's web-site **www.vardhman.com**.

GENERAL INFORMATION FOR SHAREHOLDERS

- i) **38th Annual General Meeting**
 Date : 23rd July, 2011.
 Time : 10.00 a.m.
 Venue : Regd. Office, Chandigarh Road, Ludhiana-141 010.
- ii) **Financial Calendar 2011-2012 (Tentative)**
 First Quarter Results : August, 2011
 Second Quarter Results : October, 2011
 Third Quarter Results : January, 2012
 Annual Results : May, 2012
- iii) **Dates of Book Closure** : 12.07.11 to 23.07.11 (both days inclusive)
- iv) **Dividend payment date** : By 10th August, 2011.
- v) **Listing** : The securities of the Company are listed on the following Stock Exchanges: -
 1. The Bombay Stock Exchange Limited, Mumbai (BSE), 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai-400 001.
 2. The National Stock Exchange of India Limited (NSE), "Exchange Plaza, Bandra-Kurla Complex, Bandra(East), Mumbai."
- The Company has duly paid the listing fee to both the aforesaid Stock Exchanges for the financial year 2011-12.
- vi) **Stock Code :**
 ● The Bombay Stock Exchange Limited, Mumbai : 502986
 ● The National Stock Exchange of India Limited : VTL

vii) **Stock Market Data :**

The month-wise highest and lowest and closing stock prices vis-a-vis BSE Sensex during the financial year 2010-11 is given below: -

Financial Year 2010-11	Share Prices of Vardhman Textiles Limited				BSE Sensex			
	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	%age change over last month's closing	Highest	Lowest	Closing	%age change over last month's closing
April	279.95	252.55	268.00	0.71	18,047.86	17,276.80	17,558.71	0.18
May	300.00	242.00	258.45	-3.56	17,536.86	15,960.15	16,944.63	-3.50
June	275.00	249.10	269.25	4.18	17,919.62	16,318.39	17,700.90	4.46
July	315.00	264.00	296.65	10.18	18,237.56	17,395.58	17,868.29	0.95
August	346.00	298.00	310.70	4.74	18,475.27	17,819.99	17,971.12	0.58
September	346.00	291.30	312.60	0.61	20,267.98	18,027.12	20,069.12	11.67
October	376.70	310.50	336.50	7.65	20,854.55	19,768.96	20,032.34	-0.18
November	360.75	295.00	314.45	-6.55	21,108.64	18,954.82	19,521.25	-2.55
December	330.00	265.05	301.65	-4.07	20,552.03	19,074.57	20,509.09	5.06
January	320.00	272.20	282.35	-6.40	20,664.80	18,038.48	18,327.76	-10.64
February	304.50	245.00	250.30	-11.35	18,690.97	17,295.62	17,823.40	-2.75
March	278.90	249.00	258.90	3.44	19,575.16	17,792.17	19,445.22	9.10

viii) **Information regarding Dividend Payment :**

- a) Dividends remaining unpaid/unclaimed upto the financial year 2002-2003 has been transferred to the Investors' Education and Protection Fund (IEPF). Further, pursuant to the provisions of Section 205A read with Section 205C of the Companies Act, 1956, dividend declared in the financial year 2003-2004 and onwards, which remains unpaid/unclaimed for a period of 7 years, is required to be transferred to the IEPF. It may be noted that no claim will lie against the Company or the "Fund" in respect of the said unclaimed dividend amount so transferred to the "Fund". Accordingly, Members who have not claimed their dividend for the financial year 2003-2004 and onwards are requested to make their claim to the Company immediately.

- b) The Company provides the facility of paying dividend through Electronic Clearing Service (ECS). Members who wish to avail this facility should give necessary directions to Depository Participants (in case shares are held in demat form) or to the Registrar & Transfer Agent of the Company (in case 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 at the address given below: -

M/s. Alankit Assignments Limited, (Unit: Vardhman Textile Limited)
2E/21, Alankit House, Jhandewalan Extension, New Delhi - 110 055.
Phone: (011) 41540060-63, Fax: (011) 41540064, 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 a fortnight. 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 demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) of the Company is **INE 825 A01012**.

xi) Distribution of Shareholding as on 31st March, 2011:

RANGE No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of Total Holders	% to Total Holders	Number of Shares Held	% to Total Shares
Upto-500	19,953	88.19	2,301,806	3.616
501-1000	1,337	5.909	953,679	1.498
1001-2000	607	2.683	870,175	1.367
2001-3000	199	0.88	502,225	0.789
3001-4000	81	0.358	286,836	0.451
4001-5000	79	0.349	365,754	0.575
5001-10000	130	0.575	955,858	1.502
10001- above	239	1.056	57,415,546	90.202
Total	22,625	100.00	63,651,879	100.00

xii) Dematerialisation of shares:

As on 31st March, 2011, 69.40% of the capital comprising 44,148,319 shares, out of total of 63,651,879 shares, were dematerialized.

xiii) Plant Locations:

- Anant Spinning Mills,
New Industrial Area,
Mandideep-462 046
- Arihant Spinning Mills,
Industrial Area,
Malerkotla-148 023
- Arisht Spinning Mills ,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205
- Auro Dyeing,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205
- Auro Spinning Mills,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205
- Auro Textiles,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.) - 173 205
- Auro Weaving Mills,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205
- Mahavir Spinning Mills
(Gassed Mercerised Yarn Unit)
Phagwara Road,
Hoshiarpur-146 001
- Mahavir Spinning Mills
(Textile Division) Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205
- Vardhman Spinning and General Mills
(Unit-I&II),
Chandigarh Road,
Ludhiana-141 010.
- Vardhman Spinning Mills,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205
- Vardhman Fabrics
Budhni, Distt. Sehore (M.P.)
- Vardhman Yarns
Satlapur, Distt. Raisen (M.P.)
- Vardhman Fabrics (Power Division)
Budhni, Distt. Sehore (M.P.)
- Vardhman Yarns (Power Division)
Satlapur, Distt. Raisen (M.P.)

xiv) Address for correspondence:

Registered office : Chandigarh Road, Ludhiana-141010
Tel : 0161-2228943-48
Fax : 0161-2601048, 2602710, 2222616
E-mail : secretarial.lud@vardhman.com
(Exclusively for redressal of investors' grievances)



Chairman & Managing Director's (CMD) declaration

I, S.P. Oswal, Chairman & Managing Director of Vardhman Textiles Ltd. declare that all Board Members and Senior Management personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2011.

S.P. Oswal
Chairman & Managing Director

PLACE : NEW DELHI
DATED: 9th May, 2011

Auditors' Certificate on Compliance of Corporate Governance Under Corporate Governance Clause of the Listing Agreement(s)

To
The Members of
Vardhman Textiles Limited

We have examined the compliance of the conditions of Corporate Governance by Vardhman Textiles Limited for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

FOR S.C. VASUDEVA & CO.
CHARTERED ACCOUNTANTS
Firm Registration No.: 000235N

PLACE : NEW DELHI
DATED: 9th May, 2011

(SANJIV MOHAN)
PARTNER
Membership No. 86066

AUDITORS' REPORT

To
The Shareholders,
Vardhman Textiles Limited

1. We have audited the attached Balance Sheet of Vardhman Textiles Limited as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Companies Act; 1956.
 - e) on the basis of the written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2011 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956; and
 - f) *As indicated in note-13 in Schedule-18 there is significant uncertainty associated with the derivative options referred to in the said note, resolution of which is dependant upon future events which are not under the direct control of the company, on account of which the company could not determine the possible*

loss, if any, on valuation of open derivative options. The ultimate outcome of these future events and their affect on the financial statements cannot be ascertained at this stage.

Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
- ii) in the case of Profit and Loss account, of the profit for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For S.C. VASUDEVA & CO.
CHARTERED ACCOUNTANTS
Firm Registration No.: 000235N**

**SANJIV MOHAN
PARTNER**

**PLACE : NEW DELHI
DATED: 9th May, 2011**

MEMBERSHIP NO. 86066

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3)

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) According to the information and explanations given to us, the company has adopted a policy of physically verifying the fixed assets once in every three years. Pursuant to the said policy, the company has physically verified the entire block of Plant and Machinery during the year. Discrepancies which were not material noticed on such physical verification have been properly dealt with in the books of account. Further, in our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company has not disposed off substantial part of its fixed assets during the year.

- (ii) a) According to the information and explanations given to us, inventories have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the company and nature of its business.
- c) On the basis of our examination of the records of inventories, we are of the opinion that the company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been dealt properly within the books of account.
- (iii) a) The company has not granted secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of paragraph 4 (iii) (b) (c) and (d) of the above said order are not applicable to the company.
- b) The company has during the year taken unsecured loans from twelve companies covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transaction is Rs. 3,815.75 lacs. The amount payable as at the close of the year is Rs. 1,943.55 lacs.
- c) According to the information and explanations given to us, the rate of interest and other terms and conditions in respect of unsecured loan taken by the company, are not prima-facie prejudicial to the interest of the company.
- d) In our opinion and according to the information and explanations given to us, the payment of principal amount and interest in respect of the aforesaid loan were regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding Rupees five lacs or more in respect of the party during the year, have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.
- (vi) According to the information and explanations given to us the company has complied with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 with regard to deposits accepted from the public. According to the information given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to the company, if any, have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011, for a period of more than six months from the date they became payable.
- b) According to the records of the company, the details of disputed statutory dues aggregating to Rs. 54,742,407/- that have not been deposited on account of matters pending before the appellate authorities in respect of income tax, sales tax, custom duty, service tax and excise duty are given below:

Nature of Dues/ Name of Statute	Disputed Amount (Rs.)	Forum where Dispute is pending
Sales Tax		
The Punjab VAT Act, 2005	82,500	Joint Director (Enforcement), Patiala
M.P. Commercial Tax Act, 1994	52,137	Commercial Tax Appellate Board, Bhopal
M.P. Vat Act, 2002	45,69,672	Deputy Commissioner Circle-1, Bhopal
M.P. Vat Act, 2002	3,21,432	Deputy Commissioner, Appeals Commercial Tax Ratlam
Excise/Custom Duty		
Central Excise Act, 1944	1,51,26,211	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	20,43,542	Commissioner (Appeals) Central Excise, Chandigarh
Central Excise Act, 1944	10,833,843	Hon'ble Supreme Court, New Delhi
Central Excise Act, 1944	17,378	Asstt. Commissioner Central Excise, Ludhiana
Central Excise Act, 1944	7,14,787	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
Service tax		
Finance Act, 1994	1,63,210	Commissioner (Appeals) Central Excise, Chandigarh
Finance Act, 1994	12,17,695	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
Income-tax		
Income-tax Act, 1961	1,96,00,000	Commissioner of Income-Tax (Appeals)

According to the information and explanations given to us there are no disputed dues in respect of wealth tax and cess.

- (x) The company does not have accumulated losses as at 31st March 2011. The latter part of the question relating to net worth is thus not applicable to the company. Further, the company has not incurred cash losses during the financial year covered under audit and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to banks.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore the provisions of the clause 4 (xii) of the above said order are not applicable to the company.

- (xiii) The company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the above said order are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company has not dealt or traded in share, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the above said order are not applicable to the company.
- (xv) The company has not given guarantees for loans taken by others from banks. Therefore provisions of clause 4(xv) of above said order are not applicable to the company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purpose for which they were obtained.
- (xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short-term basis have not been used for long term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us the company has not issued debentures during the year. Accordingly the provisions of clause 4 (xix) of the above said order are not applicable to the company.
- (xx) According to the information and explanations given to us the company has not raised any money by way of public issue during the year. However money raised by way of QIP issue has been utilized for the purpose it was raised.
- (xxi) We have been informed that some of the employees of the company had misappropriated funds amounting to Rs. 49 lacs by depositing certain cheques collected from customers in an unauthorized bank account not belonging to the company. A First Information Report has been lodged and registered at police station at Baddi (H.P.) and investigations are in progress. The company also filed an insurance claim in this matter. Further on the basis of information and explanations given to us, we report that no fraud by the company has been noticed or reported during course of our audit.

For S.C. VASUDEVA & CO.
CHARTERED ACCOUNTANTS
Firm Registration No.: 000235N

PLACE : NEW DELHI
DATED: 9th May, 2011

SANJIV MOHAN
PARTNER
MEMBERSHIP NO. 86066

**BALANCE SHEET as at 31st March, 2011**

Particulars	Schedule No.	As at 31.03.2011 (Rs. In Lac)	As at 31.03.2010 (Rs. In Lac)
I. SOURCES OF FUNDS			
1. Shareholders' funds			
a) Capital	1	6,365.19	5,776.95
b) Reserves and Surplus	2	185,460.96	139,808.01
		<u>191,826.15</u>	<u>145,584.96</u>
2 Loan Funds			
a) Secured Loans	3	276,545.97	222,670.28
b) Unsecured Loans	4	6,654.78	39,409.51
		<u>283,200.75</u>	<u>262,079.79</u>
3. Deferred Tax Liability		<u>19,680.53</u>	<u>19,638.07</u>
TOTAL		<u><u>494,707.43</u></u>	<u><u>427,302.82</u></u>
II APPLICATION OF FUNDS			
1 Fixed Assets			
a) Gross Block	5	368,217.76	357,101.87
b) Less: Depreciation		155,652.07	138,863.16
c) Net Block		212,565.69	218,238.71
d) Capital Work-in-Progress	6	14,064.76	4,063.16
		<u>226,630.45</u>	<u>222,301.87</u>
2 Investments	7	35,264.78	28,048.49
3 Current Assets, Loans and Advances			
a) Inventories	8	159,839.46	110,745.93
b) Sundry Debtors		48,847.09	39,733.69
c) Cash and Bank Balances		4,876.99	22,207.01
d) Loans and Advances		45,237.67	30,968.30
	A	<u>258,801.21</u>	<u>203,654.93</u>
Less: Current Liabilities and Provisions			
a) Liabilities	9	24,285.00	24,828.93
b) Provisions		1,704.01	1,873.54
	B	<u>25,989.01</u>	<u>26,702.47</u>
Net Current Assets	(A-B)	<u>232,812.20</u>	<u>176,952.46</u>
TOTAL		<u><u>494,707.43</u></u>	<u><u>427,302.82</u></u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

18

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

As per our report of even date attached
For S.C. Vasudeva & Co.,
Chartered Accountants
Firm Registration No.: 000235N

For and on behalf of the Board

SANJIV MOHAN
Partner
(M.No. 86066)

VIPIN GUPTA
Company Secretary

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman &
Managing Director

PLACE : NEW DELHI
DATED : 9th May, 2011

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2011

Particulars	Schedule No.	Current Year (Rs. In Lac)	Previous Year (Rs. In Lac)
INCOME			
Sales (Gross)		363,696.23	276,722.16
Less: Excise Duty		3,015.07	2,426.80
Sales (Net)		360,681.16	274,295.36
Other Income	10	4,397.84	5,496.93
Total		365,079.00	279,792.29
EXPENDITURE			
Raw Material Consumed and Purchase of Finished Goods	11	187,048.21	135,720.59
Manufacturing Expenses	12	67,267.51	59,997.20
Personnel Expenses	13	19,363.19	16,488.27
Administrative and Other Expenses	14	7,174.51	5,061.14
Interest and Financial Charges	15	10,981.22	8,673.30
Selling and Distribution Expenses	16	11,246.19	8,510.16
(Increase)/Decrease in Work in Process and Finished Stock	17	(21,517.75)	(5,408.71)
Difference of Excise Duty on Stocks		27.86	(39.63)
Depreciation & Amortisation		22,602.36	22,087.57
Total		304,193.30	251,089.89
Profit for the year before tax		60,885.70	28,702.40
Profit for the year before tax for Continuing Operations	57,411.49		28,702.40
Less : Provision for			
- Current Tax [Including Rs. 24.50 Lac (Previous Year Rs 22.00 Lac) for Wealth Tax]	11,178.67		5,675.00
- Tax effect (premium on redemption of FCCBs) (Refer Note No 29)	1,009.31		-
- Tax adjustment of earlier years	66.38		-
- Deferred Tax	506.50		1,560.32
- Deferred Tax Adjustment	-		90.78
Profit for the year after tax from Continuing Operations (A)	44,650.63		21,376.30
Profit for the year before tax on Discontinued Operations	3,474.21		-
Provision for			
- Current Tax	1,195.83		-
- Deferred Tax	(41.48)		-
Profit for the year after tax from Discontinued Operations (B)	2,319.86		-
Net Profit for the year after tax (A+B)		46,970.49	21,376.30
Add:			
Corporate Dividend Tax Written Back		123.44	195.15
Balance brought forward		13,135.56	6,085.04
Less:			
Adjustment of preceding year's tax effect in respect of premium paid on redemption of FCCBs (Refer Note No 29)		2,511.74	-
Balance available for appropriation		57,717.75	27,656.49
Appropriations:			
Proposed Dividend			
- On Equity Shares	2,864.33		1,733.09
- Corporate Dividend Tax thereon	464.67	3,329.00	287.84
Transferred to General Reserve		30,000.00	12,500.00
Balance carried to Balance Sheet		24,388.75	13,135.56
		57,717.75	27,656.49
Earning per share of Rs. 10/- each (Refer Note No 17 of Notes on accounts)			
- Basic		78.06	37.00
- Diluted		78.06	31.83

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

18

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

As per our report of even date attached

For and on behalf of the Board

For S.C. Vasudeva & Co.,

Chartered Accountants

Firm Registration No.: 000235N

SANJIV MOHAN

Partner

(M.No. 86066)

VIPIN GUPTA

Company Secretary

RAJEEV THAPAR

CGM (Finance,

Accounts & Taxation)

SACHIT JAIN

Executive Director

S.P. OSWAL

Chairman &

Managing Director

PLACE : NEW DELHI

DATED : 9th May, 2011



CASH FLOW STATEMENT for the year ended 31st March, 2011

Particulars	Schedule No.	Current Year (Rs. in Lac)	Previous Year (Rs. in Lac)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax and Extraordinary items		60,885.70	28,702.40
Adjustments for :			
Depreciation/Amortisation	22,602.36	22,087.57	
Interest Expense	13,091.05	11,563.62	
Interest/Dividend Income	(3,879.56)	(4,621.00)	
(Profit)/Loss on sale of Assets(Net)	(100.70)	134.33	
(Profit)/Loss on sale of Investments (Net)	(889.41)	(490.43)	
Provision no longer required Written Back (Net)	(74.09)	(225.47)	
Sundry Balances Written Off (Net)	278.13	100.52	
Provision for Doubtful Debts (Net)	260.37	(8.92)	
Provision for fall in value of Investments	110.08	(163.89)	
Exchange Rate Fluctuation	425.98	<u>(2,729.60)</u>	
		31,824.21	25,646.73
Operating Profit before Working Capital Changes		92,709.91	54,349.13
Adjustments for :			
(Increase)/Decrease in Trade & other Receivables	(33,351.96)	(8,373.01)	
(Increase)/Decrease in Inventories	(57,885.50)	(49,006.15)	
Increase/(Decrease) in Trade Payables & other Liabilities	9,334.77	<u>(629.68)</u>	
		(81,902.69)	(58,008.84)
Cash Generation from Operation		10,807.22	(3,659.71)
Taxes Paid	(13,216.91)	(13,216.91)	<u>(4,312.79)</u>
Net Cash from Operating activities		(2,409.69)	(7,972.50)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(30,291.97)	(20,637.35)	
Sale of Fixed Assets	356.81	179.70	
Purchase of Investments	(375,610.80)	(182,129.95)	
Sale of Investments	369,173.83	188,233.76	
Interest/Dividend Received	3,627.47	<u>4,647.28</u>	
Net Cash used in Investing activities		(32,744.66)	(9,706.56)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital (Net of expenses)	19,669.10	-	
Proceeds from Long Term Borrowings (Net)	7,100.10	5,447.96	
Proceeds from Short Term Borrowings (Net)	46,889.10	4,835.07	
Repayment of Zero Coupon Foreign Currency Convertible Bonds	(37,267.21)	-	
Proceeds / (Repayment) of Other Unsecured Borrowings	(3,062.15)	5,916.10	
Dividend Paid	(1,889.02)	(1,160.51)	
Interest Paid	(13,177.48)	<u>(10,873.85)</u>	
Net Cash from Financing activities		18,262.44	4,164.77
Net Increase in cash & cash equivalents		(16,891.91)	(13,514.29)
Less : Transferred to VSSL on de-merger		(438.11)	-
Cash & cash equivalents as on beginning		22,207.01	35,721.30
Cash & cash equivalents as on end		4,876.99	22,207.01

NOTES ON ACCOUNTS

18

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

As per our report of even date attached
For S.C. Vasudeva & Co.,
Chartered Accountants
Firm Registration No.: 000235N

For and on behalf of the Board

SANJIV MOHAN
Partner
(M.No. 86066)

VIPIN GUPTA
Company Secretary

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman &
Managing Director

PLACE : NEW DELHI
DATED : 9th May, 2011

Schedules 1 to 18 Annexed to and forming part of the Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended 31st March, 2011

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
Schedule 1 — SHARE CAPITAL		
Authorised		
9,00,00,000 Equity Shares of Rs. 10/- each (Previous Year 9,00,00,000)	9,000.00	9,000.00
1,00,00,000 Redeemable Cumulative Preference Shares of Rs. 10/- each (Previous Year 1,00,00,000)	<u>1,000.00</u>	<u>1,000.00</u>
Issued, Subscribed & Paid-up	10,000.00	10,000.00
6,36,51,879 Equity Shares(Previous Year 5,77,69,527) of Rs. 10/- each	<u>6,365.19</u>	<u>5,776.95</u>
	6,365.19	5,776.95

Notes:

Of the above:

- (a) 1,35,916(previous year 1,35,916) Equity Shares of Rs.10/- each are allotted as fully paid up, pursuant to a contract without payment being received in cash.
- (b) 3,54,27,580 (previous year 3,54,27,580) Equity Shares of Rs.10/- each are allotted as fully paid up, by way of bonus shares by capitalisation of Share Premium,Capital Redemption Reserve and General Reserve.

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
Schedule 2 — RESERVES AND SURPLUS		
Capital Reserve		
As per last account	124.33	124.33
Capital Subsidy Reserve		
As per last account	255.00	255.00
Share Premium		
As per last account	1,427.12	2,667.71
Add :		
Amount received during the year	19,411.76	-
Adjustment of tax effect on premium on redemption of FCCBs (Refer Note No 29)	2,511.74	-
Less:		
Utilised for providing for the premium payable for the year on redemption of Zero Coupon Foreign Currency Convertible Bonds (FCCBs) (Net of Tax)	2,029.18	1,240.59
Utilised for expenses on QIP Issue	<u>330.90</u>	-
	20,990.54	1,427.12
General Reserve		
As per last account	124,866.00	112,366.00
Less: Transferred to VSSL pursuant to Scheme of Arrangement and Demerger (Refer Note No 22)	15,163.66	
Add: Transferred from Profit and Loss Account	<u>30,000.00</u>	<u>12,500.00</u>
	139,702.34	124,866.00
Surplus i.e., balance as per annexed Profit and Loss Account		
	<u>24,388.75</u>	<u>13,135.56</u>
	185,460.96	139,808.01



	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
Schedule 3 — SECURED LOANS		
Loans and Advances from Banks		
- Term Loans	196,707.22	189,607.13
- Working Capital	<u>79,838.75</u>	<u>33,063.15</u>
	276,545.97	222,670.28
	276,545.97	222,670.28

Notes:

1. The Term Loans from Banks are secured by mortgage created or to be created on all the immovable assets of the Company, both present and future and hypothecation of all the movable assets including movable machinery, machinery parts, tools and accessories and other movables both present and future (except book debts), subject to charges created or to be created in favour of the Bankers for securing the working capital limits.
2. Working Capital Borrowings from Banks are secured by hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future fixed assets of the company.
3. Amount due for repayment out of Term Loans within one year is Rs. 14,911.15 lac (Previous Year Rs. 12,545.90 lac)

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
Schedule 4 — UNSECURED LOANS		
Fixed Deposits	24.15	43.13
Interest accrued and due on above	1.05	0.63
Loans and Advances from Subsidiaries	4,686.03	9,755.00
Short Term Loans and Advances		
From Banks	-	2,500.00
From Others	1,943.55	619.75
Other Loans and Advances		
Zero Coupon Foreign Currency Convertible Bonds (FCCBs)	-	26,491.00
	6,654.78	39,409.51

Note:

Amount due for repayment out of above within one year is Rs. 6,653.91 Lac (Previous Year Rs. 39,390.75 Lac)

Schedule 5 — FIXED ASSETS

A) TANGIBLE ASSETS (Rs. in lac)

Sr. No.	Particulars	Gross Block			Depreciation			Net Block	
		As at 01.04.2010	As at 31.03.2011	As at 01.04.2010	For the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010	
		As at 01.04.2010 to VSSL on De-merger	Sales/ Adjustments year	As at 01.04.2010 to VSSL on De-merger	For the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010	
1.	Freehold land	5,198.44	263.46	-	-	-	5,245.28	5,198.44	
2.	Leasehold land	818.48	10.82	32.10	8.15 **	40.25	789.05	786.38	
3.	Buildings	58,644.73	3,515.31	9,206.58	1,471.83	9,914.03	50,530.30	49,438.15	
4.	Plant & machinery	288,167.99	16,307.07	127,180.74	20,690.87	142,917.30	154,254.15	160,987.25	
5.	Furniture & Fittings	2,117.65	71.21	1,143.30	150.29	1,242.74	1,007.03	974.35	
6.	Vehicles	814.25	216.41	309.35	74.78	340.22	561.32	504.90	
Total (A)	355,761.54	8,333.91	20,519.20	137,872.07	22,395.92	154,454.54	212,387.13	217,889.47	

B) INTANGIBLE ASSETS

Sr. No.	Particulars	Gross Block			Amortisation			Net Block	
		As at 01.04.2010	As at 31.03.2011	As at 01.04.2010	For the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010	
1.	Computer Software	288.47	2.01	258.27	4.32	262.59	27.89	30.20	
Total (B)	288.47	2.01	290.48	258.27	4.32	262.59	27.89	30.20	

C) EXPENDITURE ON POWER LINES

Sr. No.	Particulars	Gross Block			Amortisation			Net Block	
		As at 01.04.2010	As at 31.03.2011	As at 01.04.2010	For the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010	
1.	Expenditure on Power Lines	1,051.86	33.75	732.82	202.12	934.94	150.67	319.04	
Total (C)	1,051.86	33.75	1,085.61	732.82	202.12	934.94	150.67	319.04	
Grand Total (A+B+C)	357,101.87	8,333.91	20,554.96	138,863.16	22,602.36	155,652.07	212,565.69	218,238.71	
Previous Year	335,548.43	-	22,379.71	117,360.50	22,087.57	138,863.16	218,238.71		

Notes:

- # Includes Rs.248.20 lac (Previous year Rs.248.20 lac) cost of Residential flats at Mandideep, the land cost of which has not been excluded from this cost. The depreciation for the year has been taken on the entire cost of Rs. 248.20 lac (Previous Year Rs. 248.20 lac).
- ** Represents proportionate premium for acquisition of leasehold land being amortised over the period of lease.
- Freehold land includes Rs. 417.59 lac (Previous Year Rs. 417.59 lac) for the cost of land at Baddi, (Himachal Pradesh) for which title deeds are yet to be executed in favour of the Company, though the possession thereof has been taken by the company.
- Freehold land includes Rs. 11.00 lac (Previous Year Rs. Nil) for the cost of land at Budhni, (Madhya Pradesh) for which title deeds are yet to be executed in favour of the Company, though the possession thereof has been taken by the company.
- Buildings includes Rs. 21.72 Lacs (Previous Year Rs. 21.72 Lacs) for the cost of Leasehold Building at Ludhiana, (Punjab).
- Plant & Machinery includes Rs. Nil (Previous Year Rs. 213.92 lac) and Building includes Rs. Nil (Previous Year Rs. 68.84 lacs) for the amount allocated out of Project and Pre-operative Expenses.
- Borrowing cost amounting to Rs. Nil (Previous year Rs. 369.52 Lacs) has been capitalised during the year.
- Depreciation for the year includes net depreciation of Rs. (-) 21.91 lac (Previous Year Rs. (-) 18.76 lac) pertaining to earlier years.
- Intangible Assets are not internally generated.



	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
Schedule 6 — CAPITAL WORK IN PROGRESS		
Building Under Construction	2,994.89	694.09
Machinery Under Erection	8,053.51	1,282.20
Machinery in Transit	356.06	1,029.60
Capital Advances	2,655.89	1,057.27
Project and Pre- operative Expenses (Refer Note No. 16 of notes on accounts)	4.41	-
	14,064.76	4,063.16

Schedule 7 — INVESTMENTS

I. LONG TERM INVESTMENTS (AT COST)

1. TRADE

a) **(QUOTED)**

In Subsidiary Companies 6,37,53,661 (Previous Year 6,37,53,661) Equity Shares of Rs. 10/- each fully paid up of Vardhman Acrylics Limited	5,802.74	5,802.74
	5,802.74	5,802.74

b) **(UNQUOTED)**

(i) 3,00,000 (Previous year 3,00,000) Equity Shares of Rs.10/- each fully paid-up of Vardhman Textile Components Limited	30.00	30.00
(ii) 25,000 (Previous year 25,000) Equity Shares of Rs.10/- each fully paid-up of Vardhman Spinning & General Mills Limited	2.50	2.50
(iii) In Subsidiary Companies		
1,51,80,060 (Previous year 1,51,80,060) Equity Shares of Rs.10/- each fully paid up of VMT Spinning Company Limited	1,518.01	1,518.01
40,00,000 (Previous year 40,00,000) Equity Shares of Rs.10/- each fully paid up of VTL Investments Limited	403.50	403.50
2,90,72,240 (Previous year 2,90,72,240) Equity Shares of Rs.10/- each fully paid up of Vardhman Yarns & Threads Limited	12,747.16	12,747.16
71,40,000 (Previous year 71,40,000) Equity Shares of Rs.10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited (Formerly known as Vardhman Texgarments Limited)	714.00	714.00
58,25,000 (Previous year Nil) Equity Shares of Rs.10/- each fully paid up of Vardhman Special Steels Limited	582.50	-
	15,997.67	15,415.17

2. OTHER THAN TRADE

(UNQUOTED)

4,495 (Previous year 4,495) Equity shares of Rs.10/- each fully paid-up of Srestha Holdings Limited, 80 shares (Previous Year 80 Shares) of Rs 50/- each fully paid-up in the Valencia Co-operative Housing Society Limited, Mumbai and 5 shares (Previous Year 5 Shares) Dalamal House Commercial Complex Society Limited, Mumbai	0.46	0.46
41,000 Equity-Shares (Previous Year 41,000) of Rs 10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)	4.10	4.10
1,87,500 (Previous year 2,50,000) Equity Shares of Rs 10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited	18.75	25.00
	23.31	29.56
	21,823.72	21,247.47

Total (A)

II. CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)

OTHER THAN TRADE

Equity Shares (QUOTED)

1,69,120 (Previous Year 1,69,120) Equity Shares of Rs.10/- each fully paid up of Industrial Development Bank of India Limited	89.32	89.32
6,909 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Moil Limited	25.91	-
	115.23	89.32

Equity Linked Mutual Funds/Liquid Funds/Debt Funds/Fixed Maturity Plans (QUOTED)

Nil (Previous Year 1,00,00,000) units of Rs.10/- each of Reliance Fixed Horizon Fund - XII - Series 3 Super - Super Institutional Plan - Growth Option	-	1,000.00
50 (Previous Year 50) units of Rs. 10,00,000/- each of DB Cholamandalam Bonds	512.78	512.78
1,00,000 (Previous Year Nil) Units of Rs.10/- each of SBI PSU Fund	10.00	-
50,00,000 (Previous Year Nil) Units of Rs.10/- each of SBI Debt Fund Series-180 Days-11 Dividend	500.00	-
2,50,00,000 (Previous Year Nil) Units of Rs.10/- each of Kotak FMP 370 Days Series 9	2,500.00	-
	3,522.78	1,512.78
Less : Provision for fall in value of Investments	0.16	-
	3,522.62	1,512.78

Liquid Funds/Debt Funds/Monthly Income Plans (UNQUOTED)

Nil (Previous Year 35,82,778) units of Rs.10/- each of Reliance Monthly Income Plan - Growth	-	700.00
Nil (Previous Year 65,22,817) units of Rs.10/- each of Reliance Regular Savings Fund - Debt Plan - Institutional Growth Plan	-	800.00
46,92,809 (Previous Year Nil) Units of Rs.10/- each of Templeton India Short Term Income Plan Mutual Fund	500.00	-
41,79,892 (Previous Year Nil) Units of Rs.10/- each of SBI Liquid Mutual Fund	700.13	-
1,00,00,000 (Previous Year Nil) Units of Rs.10/- each of UTI Liquid Mutual Fund	1,000.00	-
	2,200.13	1,500.00

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
Bonds/Debentures (QUOTED)		
10,00,000 (Previous Year Nil) Non Convertible Debentures of Rs.100/- each of 9.75% Trent Limited 30/06/2017	1,016.09	-
10,00,000 (Previous Year Nil) Units of Rs.100/- each of 9.98% ICICI Perpetual Bonds	1,050.53	-
200 (Previous Year Nil) Units of Rs. 10,00,000/- each of 9.90% Perpetual Bonds of Yes Bank	2,000.00	-
5,00,000 (Previous Year Nil) Non Convertible Debentures of Rs.100/- each of of Ballarpur Industries Limited.	507.82	-
	<u>4,574.44</u>	<u>-</u>
Less : Provision for fall in value of Investments	126.64	-
	<u>4,447.80</u>	<u>-</u>
Bonds/Debentures (UNQUOTED)		
20 (Previous Year 20) Redeemable Non Convertible Debentures of Rs.10,00,000/- each of Sky Deck Properties & Developers Private Limited	204.52	204.52
25 (Previous Year 25) Redeemable Non-Convertible Debentures of Rs.10,00,000/- each of Barclays Investments & Loans (India) Limited	250.00	250.00
	<u>454.52</u>	<u>454.52</u>
Investments under Portfolio Management Services		
Equity Shares (QUOTED)		
Nil (Previous Year 16565) Equity Shares of Rs.10/- each fully paid up of Rural Electrification Corporation Limited	-	33.45
Nil (Previous Year 4,167) Equity Shares of Rs.10/- each fully paid up of Aditya Birla Nuvo Limited	-	39.39
Nil (Previous Year 7,958) Equity Shares of Rs.10/- each fully paid up of Adani Enterprises Limited	-	27.95
Nil (Previous Year 6,899) Equity Shares of Rs.10/- each fully paid up of Shriram Transport Finance Company Limited	-	28.79
Nil (Previous Year 1,398) Equity Shares of Rs.10/- each fully paid up of Bharat Heavy Electricals Limited	-	31.50
Nil (Previous Year 3,010) Equity Shares of Rs.10/- each fully paid up of Reliance Industries Limited	-	30.25
Nil (Previous Year 10,731) Equity Shares of Rs.10/- each fully paid up of Torrent Power Limited	-	33.20
Nil (Previous Year 1,710) Equity Shares of Rs.10/- each fully paid up of Sun Pharmaceuticals Industries Limited	-	20.80
Nil (Previous Year 4,461) Equity Shares of Rs.10/- each fully paid up of Divis Laboratories Limited	-	19.78
Nil (Previous Year 13,906) Equity Shares of Rs.10/- each fully paid up of Opto Circuits (India) Limited	-	18.25
Nil (Previous Year 1,734) Equity Shares of Rs.10/- each fully paid up of Lupin Limited	-	25.45
Nil (Previous Year 20,903) Equity Shares of Rs.10/- each fully paid up of Anant Raj Industries Limited	-	31.58
Nil (Previous Year 6,050) Equity Shares of Rs.10/- each fully paid up of Ess Dee Aluminium Limited	-	23.70
Nil (Previous Year 2,893) Equity Shares of Rs.10/- each fully paid up of Tulip Telecom Limited	-	26.44
Nil (Previous Year 1,126) Equity Shares of Rs.10/- each fully paid up of State Bank of India	-	19.55
Nil (Previous Year 7,286) Equity Shares of Rs.10/- each fully paid up of Bharti Airtel Limited	-	29.71
Nil (Previous Year 1,569) Equity Shares of Rs.10/- each fully paid up of Maruti Udyog Limited	-	22.03
Nil (Previous Year 3,252) Equity Shares of Rs.10/- each fully paid up of Emami Limited	-	16.45
	<u>-</u>	<u>478.27</u>
Less : Provision for fall in value of Investments	-	16.72
	<u>-</u>	<u>461.55</u>
Bonds/Debentures/Certificate of Deposits (QUOTED)		
Nil (Previous Year 20,000) Units of Rs.100/- each of 8.60% PFC Bonds	-	21.46
70,000 (Previous Year 9,10,000) Units of Rs.100/- each of 10% Punj Lloyd Limited Bonds	77.03	963.27
Nil (Previous Year 3,00,000) Units of Rs.100/- each of 7.60% REC Bonds	-	300.00
Nil (Previous Year 5,00,000) Units of Rs.100/- each of 7.75% REC Bonds	-	500.99
Nil (Previous Year 30,000) Units of Rs.100/- each of 8.32% TNEB Bonds	-	29.66
Nil (Previous Year 1,60,000) Units of Rs.100/- each of 8.64% TNEB Bonds	-	160.00
Nil (Previous Year 2,40,200) Units of Rs.100/- each of 8.52% Karnataka SDL 2020	-	240.50
2,44,000 (Previous Year Nil) Units of Rs.100/- each of 10.75% DPSC Bonds 03/11/2019	246.08	-
6,20,000 (Previous Year Nil) Units of Rs.100/- each of 11.35% Tata Motors Finance Limited Perpetual Bonds	632.15	-
30,000 (Previous Year Nil) Units of Rs.100/- each of 7.45% LIC Housing Bonds 21/07/2012	30.61	-
30,000 (Previous Year Nil) Units of Rs.100/- each of 7.50% WSPF Bonds 09/09/2020	31.15	-
6,10,000 (Previous Year Nil) Units of Rs.100/- each of Aircel CP 30/05/2011	573.62	-
43,24,750 (Previous Year Nil) Units of Rs.100/- each of IFCI Deep Discount Bonds 07/07/2036	387.50	-
7,55,000 (Previous Year Nil) Units of Rs.100/- each of OBC CD 21/12/2011	689.62	-
	<u>2,667.76</u>	<u>2,215.88</u>
Liquid Funds/Debt Funds/ Monthly Income Plans (UNQUOTED)		
269,949 (Previous Year 43,75,169) Units of Rs. 10/- each of Kotak Liquid Institutional Fund - Daily Dividend Re-investment Plan	33.00	535.00
Nil (Previous Year 1,80,377) Units of Rs.10/- each of Principal Cash Management Fund	-	31.97
	<u>33.00</u>	<u>566.97</u>
Total (B)	<u>13,441.06</u>	<u>6,801.02</u>
Grand Total (A+B)	<u>35,264.78</u>	<u>28,048.49</u>

NOTES:

1. Aggregate value of quoted investments	16,682.95	10,098.99
2. Aggregate value of unquoted investments	18,708.63	17,966.22
3. Market Value of quoted investments	17,889.20	11,380.59
4. Investments purchased and sold during the year - Refer Note No 20 for details		

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE 8 — CURRENT ASSETS, LOANS AND ADVANCES		
(A) CURRENT ASSETS		
1. Inventories		
Raw Materials	106,068.52	72,189.02
Material in Transit	1,098.40	1,880.12
Work-in-Process	10,343.72	7,245.60
Finished Goods	36,356.49	23,398.25
Stores and Spares	5,972.33	6,032.94
	<u>159,839.46</u>	<u>110,745.93</u>
Total (A)	<u>159,839.46</u>	<u>110,745.93</u>
2. Sundry Debtors (Considered good unless otherwise stated)		
Unsecured		
a) Debts outstanding for a period exceeding six months		
(i) Considered Good	913.49	1,235.19
(ii) Considered Doubtful	223.62	65.12
b) Other Debts: Considered Good	47,933.60	38,498.50
Less : Provision for doubtful debts	223.62	65.12
Total (B)	<u>48,847.09</u>	<u>39,733.69</u>
3. Cash and Bank Balances		
(a) Cash Balances		
Cash in hand	151.76	130.67
Cheques in hand	75.37	821.83
	<u>227.13</u>	<u>952.50</u>
(b) Bank Balances		
With Scheduled Banks:		
(i) in Current Accounts	2,108.10	1,912.99
(ii) in Saving Bank Accounts	1.62	2.35
(iii) Fixed Deposit Accounts [Including Rs. 9.61 lac (Previous Year) Rs. 2.46 Lac) pledged with Government Authorities]	2,540.14	19,339.17
	<u>4,649.86</u>	<u>21,254.51</u>
Total (C)	<u>4,876.99</u>	<u>22,207.01</u>
(B) LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)		
(a) Advances to Subsidiary Companies		
	1,185.50	634.98
(b) Advances recoverable in cash or in kind or for value to be received		
(i) Considered Good	34,812.80	17,776.22
(ii) Considered Doubtful	20.03	14.98
Less : Provision for doubtful advances	20.03	14.98
	<u>34,812.80</u>	<u>17,776.22</u>
(c) Amount recoverable from Mahavir Share Trust in respect of Shares held in Trust (Refer Note No. 10 & 11 of notes on account)		
	1,786.95	1,787.40
(d) Balance with Government Authorities		
	7,452.42	9,774.70
(e) MAT Credit entitlement		
	-	995.00
Total (D)	<u>45,237.67</u>	<u>30,968.30</u>
Total (A+B+C+D)	<u>258,801.21</u>	<u>203,654.93</u>

	As at 31.03.2011 (Rs. in lac)		As at 31.03.2010 (Rs. in lac)
SCHEDULE 9 — CURRENT LIABILITIES AND PROVISIONS			
(A) CURRENT LIABILITIES			
Sundry Creditors			
- Total outstanding dues to Micro, Small and Medium Enterprises	-		-
- Total outstanding dues to Enterprises other than Micro, Small and Medium Enterprises	8,978.35		5,431.98
Balances of Subsidiary Companies	412.25		29.84
Trade Deposits & Advances	2,649.28		1,332.70
Unclaimed Dividends	122.58		114.12
Other Liabilities	11,497.56		17,229.01
Interest accrued but not due	624.98		691.28
Total (A)	24,285.00		24,828.93
(B) PROVISIONS:			
Current Tax	47,980.71	35,606.20	
Fringe Benefit Tax	91.00	436.00	
Less: Prepaid Taxes	50,524.43	(2,452.72)	36,719.95
Proposed Dividend	2,864.33		(677.75)
Corporate Dividend tax thereon	464.67	3,329.00	1,733.09
Provision for compensated absences		370.34	2,020.93
Provision for gratuity (net)		457.39	390.39
Total (B)		1,704.01	139.97
Total (A+B)		25,989.01	1,873.54
			26,702.47

Note : Unclaimed Dividends do not include any amount due and outstanding required to be credited to the Investors Education and Protection Fund.

	Current Year (Rs. in lac)	Previous Year (Rs. in lac)
SCHEDULE 10 — OTHER INCOME		
Claims received	138.78	98.98
Provisions no longer required written back	74.09	225.46
Dividend Income from Long Term Trade Investments		
- Subsidiaries	743.25	1,148.27
- Others	53.04	31.98
Dividend Income from Current investments		
- Other than Trade	463.31	50.58
Profit on Sale of Current investments	937.00	537.16
Profit on Sale of Long Term investments	3.13	0.06
Profit on sale of fixed assets	175.93	20.16
Provision for fall in value of Investments written back	-	163.89
Provision for Doubtful Debts written back	6.38	29.18
Exchange rate fluctuation (Net)	711.73	1,854.67
Miscellaneous	1,091.20	1,336.54
	4,397.84	5,496.93



	Current Year (Rs. in lac)	Previous Year (Rs. in lac)
SCHEDULE 11 — RAW MATERIAL CONSUMED AND PURCHASE OF FINISHED GOODS		
Opening Stock	72,189.02	31,039.85
Add : Purchases (including Rs. 732 lac for cost of material destroyed in fire)	220,877.79	175,504.76
	<u>293,066.81</u>	<u>206,544.61</u>
Less : Material transferred pursuant to scheme of De-merger (Refer Note No. 22)	1,052.07	-
Less: Insurance Claim Received on Raw Material destroyed in fire	732.55	-
Less: Closing Stock	106,068.52	72,189.02
Raw Material Consumed	<u>185,213.67</u>	<u>134,355.59</u>
Add : Purchase of Finished Goods	1,834.54	1,365.00
	<u>187,048.21</u>	<u>135,720.59</u>
SCHEDULE 12 — MANUFACTURING EXPENSES		
Power and Fuel	37,611.59	34,952.51
Packing Material and Charges	4,354.41	3,697.54
Stores & Spares Consumed	4,175.97	3,533.52
Dyes & Chemical Consumed	10,555.83	8,793.83
Repairs to Plant and Machinery	8,517.98	7,346.65
Processing Charges	753.89	539.38
Technical know-how	99.74	93.77
Miscellaneous	1,198.10	1,040.00
	<u>67,267.51</u>	<u>59,997.20</u>
SCHEDULE 13 — PERSONNEL EXPENSES		
Salaries, Wages and Bonus	16,713.49	14,488.24
Contribution to Provident and other Funds	2,204.40	1,685.20
Workmen and Staff Welfare	356.58	230.22
Miscellaneous	88.72	84.61
	<u>19,363.19</u>	<u>16,488.27</u>

Current Year
(Rs. in lac)

Previous Year
(Rs. in lac)

SCHEDULE 14 — ADMINISTRATIVE AND OTHER EXPENSES

Rent	124.49	92.67
Fees,Rates and Taxes	176.14	137.41
Building Repairs and Maintenance	906.34	816.62
General Repairs and Maintenance	425.55	295.46
Insurance	388.06	291.41
Legal and Professional	479.94	340.09
Travelling and Conveyance	322.33	275.08
Printing and Stationery	213.88	197.05
Postage and Telegrams	68.27	50.37
Telephone and Telex	266.47	242.32
Vehicle Maintenance	601.74	424.80
Auditors Remuneration:		
Audit Fee	19.30	19.30
Tax Audit Fee	4.96	4.96
Reimbursement of Expenses	5.23	4.59
In other capacity	7.06	6.00
Cost Audit Fee	3.53	3.09
Managerial Remuneration	1,429.56	698.14
Directors' Travelling	70.25	40.59
Bad debts written off	278.13	100.51
Provision for Doubtful Debts & Advances	266.75	20.27
Provision for fall in value of Investments	110.08	-
Loss on sale of Current Investments	50.72	46.78
Loss on sale and discarded fixed assets	75.23	154.50
Charity and Donation	329.04	80.95
Electricity & Water	85.58	113.10
Miscellaneous	465.88	605.08
	<u>7,174.51</u>	<u>5,061.14</u>

SCHEDULE 15 — INTEREST AND FINANCIAL CHARGES

Interest:			
On Fixed Deposits		2.65	5.05
On Term Loans		9,994.13	9,461.73
On Working Capital	3,094.27		2,096.84
Less : Interest Received			
- on FDRs/Others (Gross) [TDS Rs. 33.63 lac (Previous Year Rs 309.92 lac)]	2,121.36		2,981.56
- from Customers, Suppliers & Others (Gross) [TDS Rs 24.18 lac (Previous Year Rs 20.39 lac)]	498.61	<u>408.61</u>	(1,293.33)
Bank & Other charges		510.14	499.85
		<u>10,981.22</u>	<u>8,673.30</u>

SCHEDULE 16 — SELLING AND DISTRIBUTION EXPENSES

Forwarding Charges and Octroi	5,826.85	4,543.07
Commission to Selling Agents	3,278.51	2,176.66
Rebate and Discount	1,322.22	1,066.68
Advertisement	157.47	122.52
Sales promotion	253.00	259.34
Miscellaneous	408.14	341.89
	<u>11,246.19</u>	<u>8,510.16</u>



		Current Year (Rs. in lac)		Previous Year (Rs. in lac)
SCHEDULE 17 — (INCREASE)/DECREASE IN WORK-IN-PROCESS AND FINISHED STOCK				
Opening Stock:				
Work-in-Process	7,245.60		6,132.59	
Finished Goods	<u>23,398.25</u>	30,643.85	<u>19,102.55</u>	25,235.14
Less : Material transferred pursuant to scheme of De-merger (Refer Note No. 22)		5,426.87		-
Less : Insurance Claim Received on WIP destroyed in fire		<u>34.52</u>		-
		25,182.46		<u>25,235.14</u>
Less: Closing Stock:				
Work-in-Process	10,343.72		7,245.60	
Finished Goods	<u>36,356.49</u>	46,700.21	<u>23,398.25</u>	30,643.85
		<u>(21,517.75)</u>		<u>(5,408.71)</u>

SCHEDULE - 18 - NOTES ON ACCOUNTS**I. SIGNIFICANT ACCOUNTING POLICIES :****a) Basis of preparation of financial statements:**

The accounts are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards referred to in section 211(3C) and other relevant provisions of the Companies Act, 1956.

b) Use of Estimates:

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

c) Revenue Recognition:**i) Sales:**

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

- i) when all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- (ii) no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.
- (iii) Revenue in respect of the export incentives is recognized on post export basis.

ii) Interest:

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

iii) Dividend:

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

iv) Insurance and Other Claims :

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

d) Employees Benefits:**(a) Short Term Employee Benefits :**

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the profit and loss account of the year in which the related service is rendered.

(b) Post Employment Benefits :**i) Defined Contribution Plans:****(1.1) Superannuation :**

The liability in respect of 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 recognized as an expense in the profit and loss account.

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.

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

e) Fixed Assets:

- i. Fixed Assets are stated at historical cost less accumulated depreciation.
- ii. Cost of fixed assets comprises its purchase price and any attributable expenditure (both direct and indirect) for bringing an asset to its working condition for its intended use.

f) Intangible Assets:

Intangible assets are stated at cost less accumulated amount of amortization.

g) Depreciation:

- i) Depreciation on all assets except computers is provided on straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956. In case of computers, depreciation is provided on systematic basis to each accounting period during the estimated useful life thereof.
- ii) Depreciation on assets costing Rs. 5,000/- or below is charged @ 100% per annum on proportionate basis.

h) Amortization:

- i) Intangible assets are amortized on straight line method over their estimated useful life.
- ii) Expenditure on Power Lines is amortised on straight line method over their estimated useful life.

i) Investments:

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

j) Inventories:

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

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

k) Cenvat Credit:

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

l) Subsidy:

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

m) Borrowing Costs:

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

n) Segment Information :

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

o) Operating Leases :

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

p) Foreign Currency Transaction :

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

q) Accounting for Taxes on Income :

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

r) 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.

s) 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.

t) Provision and Contingent Liabilities :

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

II. NOTES TO ACCOUNTS :

	As At	As At
	31.3.2011	31.3.2010
	(Rs. In Lac)	(Rs. In Lac)
1. There are contingent liabilities in respect of the following items : No outflow is expected in view of the past history relating to these items :-		
a) Claims not acknowledged as debts	1,034.07	739.06
b) Bank Guarantees and Letters of Credit outstanding	15,264.42	4,537.93
c) Bills discounted with banks	8,221.02	218.31
2. Estimated amount of contracts remaining to be executed on Capital Account (Net of advances)	44,710.72	1,296.57
3. The Company has contested the additional demand in respect of Sales Tax, Excise Duty etc., amounting to Rs. 572.85 Lac (Previous Year Rs. 576.69 Lac). As against this a sum of Rs. 201.39 Lac (Previous Year Rs. 217.22 Lac) has been deposited under protest and stands included under the head "Advances and other recoverables in cash or in kind". The Company has filed an appeal with the Appellate Authorities and is advised that the demand is not in accordance with law. No provision, therefore, has been made in accounts in respect thereof.		
4. The Company has executed bonds for an aggregate amount of Rs. 20,654.66 Lac (Previous Year Rs. 35,095.04 Lac) in favour of the President of India under section 59 (2) and 67 of the Customs Act, 1962 and Central Excise Act, 1944 for		

fulfillment of the obligation under the said Acts.

5. The Company has contested the additional demand in respect of income tax amounting to Rs. 2,004.00 Lac (Previous Year Rs. 2,478.00 Lac). 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.
6. The company had taken over the textile undertaking of Vardhman Holdings Limited by a scheme of Arrangement and De-merger. An injunction was obtained against the London Branch of the said textile undertaking for preventing disposal of assets upto the value of Pound Sterling 2.99 Lac as a result of a court case pending in London for alleged non-fulfillment of an agreement of cotton purchase. The said matter had been decided against the textile undertaking and accordingly, Pound Sterling 0.48 Lac lying in the bank account at London had been paid to the claimant pursuant to the Order of the Court. The said amount was written off in the books of the said undertaking by way of debit to the Profit and Loss Account. No provision has been made for the balance decree amount in view of the fact that the said undertaking was prevented by force majeure in fulfilling its part of contract. The Company as successor to the textile undertaking is contesting this matter in Indian Courts and is confident that there would not be any further liability in this regard.
7. Pursuant to the 'Scheme of Arrangement and Demerger' among Vardhman Textiles Limited (VTXL), Vardhman Special Steels Limited (VSSL), and their respective Shareholders and creditors, the entire steel business undertaking together with all its properties, assets, rights, benefits and interest therein of steel business undertaking has vested with VSSL w.e.f 1st January, 2011 as per the order of the Hon'ble Punjab and Haryana High Court dated 12.01.2011. As a result of the above, the following assets, liabilities and reserves of the steel business undertaking stand vested with VSSL w.e.f 1st January, 2011:

Particulars	Rs. in Lac
1) Reserves & Surplus	
General Reserve	15,163.66
2) Loan Funds	
i) Working Capital Borrowing from Banks	113.51
ii) Short Term Loans from Subsidiary Company	3,202.00
	3,315.51
3) Deferred Tax Liability	422.55
Total A = (1+2+3)	18,901.72
4) Fixed Assets	
Gross Block	8,333.91
Less: Depreciation	5,228.99
Net Block	3,104.92
5) Current Assets, Loans and Advances	
Inventories	8,791.97
Sundry Debtors	8,044.70
Cash and Bank Balances	438.11
Loans and Advances	708.60
	17,983.38
6) Less: Current Liabilities & Provisions	2,186.58
7) Net Current Assets = (5-6)	15,796.80
Total B = (4+7)	18,901.72
Balance (B-A)	-

In consideration of the aforesaid assets, liabilities and reserves being vested with VSSL, VSSL will have to issue to the equity shareholders of the company one equity share of Rs. 10/ each fully paid up against 5 fully paid up equity shares of the Company.

8. The Company has provided depreciation on Computers @ 25% on straight line basis as the useful life of the computers has been estimated to be not more than four years.
9. Intangible assets which comprise of softwares have been amortized @ 25% on straight line basis as the useful life thereof has been estimated to be not more than four years.
10. The Company is holding 15,98,741 (Previous year 15,98,741) equity shares of Vardhman Textiles Limited through a trust, which were received by it in its capacity as a shareholder of Vardhman Holdings Limited, in accordance with the 'Scheme of Arrangement and Demerger'. The said trust has been exclusively formed for the benefit of the company. As per the provision of the trust deed, all the money received by the trust (including dividend and the proceeds of the sale of shares) shall be paid forthwith to the company by the trust.
11. The detail of the amount recoverable from Mahavir Share Trust as at the close of the year is as under:

	As at 31.03.2011	Rs. in Lac As at 31.03.2010
Cost of 15,98,741 Shares	1,785.40	1,785.40
Other Recoverable Amount	1.55	2.00
	1,786.95	1,787.40

12. The company has paid Rs. 33.75 Lacs (Previous Year Rs. 18.70 Lacs) to Madhya Pradesh Power Transmission Company Limited, Bhopal for expenditure on power lines. As future economic benefits associated with the installation of such power lines will flow to the company, the same has been reflected in the schedule of Fixed Assets. The company has amortized these lines @ 20% on straight line basis as the useful life is estimated to be five years.
13. *The Company also hedges its foreign currency fluctuation exposure by way of foreign currency derivative options. The Company has taken various USD/INR options from banks. As at March 31, 2011, there are 15 options (Previous Year 7) against exports and 5 options (Previous Year Nil) against Imports having a maturity period up to Jan 2016 (Previous Year June 2013). These derivative options are proprietary products of banks which do not have a ready market and are not tradeable in the open market. These options are marked to a model, which is bank specific instead of being marked to market. In view of the significant uncertainty associated with the above derivative options, the ultimate outcome of which depends on future events which are not under the direct control of the company, the resultant gain/loss if any, on such open derivative options cannot be determined at this stage and has accordingly not been accounted for in the books of account.*
14. Segment Information as required by Accounting Standard (AS)-17 on "Segment Reporting" issued by Companies (Accounting Standards) Rules 2006, has been compiled on the basis of the consolidated financial statements and is disclosed in the notes to accounts forming part of the consolidated financial statement in accordance with the above standard. Therefore segment information in respect of separate financial statements of the company is not being disclosed in the stand alone financial statements.
15. 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.

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16. Project and Pre-operative expenditure attributable and incurred during construction period

Particulars	(Rs. in lac)	
	Current Year	Previous Year
Power and Fuel	-	10.32
Stores, Oil and Lubricants	-	0.92
Machinery Repair	-	2.37
Salary, Wages and Bonus	-	36.74
Professional Charges	4.41	-
Insurance	-	0.08
Miscellaneous	-	0.55
Interest	-	369.52
Total (A)	4.41	420.50
Less : Allocated to Plant and Machinery	-	213.92
Buildings	-	68.84
Capital work in progress	-	137.74
Total (B)	-	420.50
Pending Allocation (A-B)	4.41	-

17. Earning Per Share

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

(i) A statement on calculation of basic EPS is as under:

Particulars	(Rs. in lac)	
	Current Year	Previous Year
Net Profit after tax attributable to equity shareholders	46,970.50	21,376.30
Total (A)	46,970.50	21,376.30
Weighted average number of equity shares (No in lac)	601.71	577.70
Total (B)	601.71	577.70
Basic earning per equity share (Rs.)	78.06	37.00
Face value per equity share (Rs.)	10.00	10.00

(ii) A statement on calculation of diluted EPS is as under:

Particulars	(Rs. in lac)
Profit after tax attributable to equity shareholders	21,376.30
Add : Increased earnings on account of interest savings on dilutive potential equity shares (net of taxes)	30.39
Total (A)	21,406.69
Weighted average number of equity shares (No in lac)	577.70
Weighted average number of equity shares which would be issued on conversion of dilutive potential equity shares (No in lac)*	94.86
Total (B)	672.56
Diluted earning per equity share (Rs.)	31.83
Face value per equity share (Rs.)	10.00

b) *In the previous year the diluted earning per share had been disclosed in accordance with the requirement of the Accounting Standard (AS)-20 on "Earning per share" issued by Companies (Accounting Standards) Rules, 2006. There had been no default on any account during the previous year which would require the conversion of debt/loans into equity. This requirement of conversion of debts/loans in to equity is not applicable to the debt/ loans existing as at the balance sheet date.

18. Deferred Tax Liability (Net) as on 31st March, 2011 is as follows:

Particulars	Current Year	(Rs in lac) Previous Year
Deferred Tax Liability arising on account of Timing Difference due to Depreciation	19,910.15	20,100.18
Less : Deferred Tax Asset arising on account of timing difference		
Due to disallowances u/s 43-B of the Income Tax Act, 1961.	150.74	435.50
Due to provision for doubtful debts	78.88	26.61
Total	<u>19,680.53</u>	<u>19,638.07</u>

19. (a) The company has identified Micro, Small and Medium Enterprises on the basis of information made available. There are no dues to Micro and Small Enterprises, that are reportable under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).

(b) The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under :

Sr. No.	Particulars	As at 31st March, 2011	(Rs in lac) As at 31st March, 2010
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act	-	-
4	Payments made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

20. Investments which were made subsequent to the date at which the previous Balance Sheet was made out but not existing as on 31.03.2011 i.e. the date of Balance Sheet:

Liquid Fund/Debt Fund/Income Funds :

S. No.	Particulars	Units	Rs. In Lacs
1	Reliance Fixed Horizon Fund - XV Series 2- Growth Option	25,000,000.00	2,500.00
2	Reliance Liquid Fund - Cash Plan - Growth Option	191,186,416.34	30,000.00
3	Reliance Floating Rate Fund - Short Term Plan-Growth Option	5,853,591.35	850.00
4	Reliance Monthly Interval Fund - Series II-Institutional Growth Plan	46,499,418.08	6,001.05
5	Reliance Monthly Interval Fund - Series I-Institutional Dividend Plan	3,028,835.30	302.98
6	Reliance Monthly Interval Fund - Series I-Institutional Growth Plan	1,549,450.72	200.00
7	Reliance Quarterly Interval Fund - Series II-Institutional Growth Plan	7,695,859.63	1,000.00
8	Reliance Medium Term Fund-Retail Plan - Growth Option	17,563,842.45	8,011.25
9	Reliance Liquid Fund - Treasury Plan-Institutional Option - Growth Option	78,671,783.01	17,840.00
10	Reliance Money Manager Fund-Institutional Option - Growth Plan	1,572,412.06	21,255.09
11	Reliance Liquidity Fund-Growth Option	131,173,744.37	21,107.67
12	Reliance Dynamic Bond Fund-Growth Plan	6,075,971.77	750.00
13	UTI Liquid Cash Plan Institutional - Daily Income Option - Re-investment	98,105.83	1,000.14
14	HDFC FMP 100D August 2010 (3)-Dividend- Series XIV	15,000,000.00	1,500.00
15	HDFC Cash Management Fund Saving Plan Daily Dividend Reinvestment	2,849,633.73	303.10
16	SBI Magnum Insta Cash Fund-Daily Dividend Option	40,362,619.02	6,760.86
17	SBI Magnum Insta Cash Fund-Cash Option	18,032,770.91	3,700.00
18	SBI Debt Fund Series 180 Days-11-Dividend	10,000,000.00	1,000.00
19	SBI Debt Fund Series 90 Days-34-Dividend	5,000,000.00	500.00
20	Kotak Bond Short Term Growth	2,767,553.21	500.00
21	DSP Blackrock Liquidity Fund-Institutional Plan-Daily Dividend	3,369,493.22	33,705.58
22	Kotak Liquid Institutional Premium Daily Dividend	368,440,023.24	45,053.21
23	Kotak Floater Short Term Daily Dividend	1,006,381,546.51	101,807.57
24	Kotak Flexi Debt Scheme Institutional Daily Dividend	5,980,109.39	600.85
25	Principal Cash Mgmt Fund Institutional Premium-Growth Option	4,629,023.00	714.01
26	Kotak Liquid Fund	200,112,466.00	24,473.75

Equity Shares :

1	Axis Bank Limited	2,229	31.72
2	Bajaj Auto Limited	1,375	20.36
3	Divis Laboratories Limited	285	2.08
4	Ess Dee Aluminium Limited	432	2.08
5	Exide Industries Limited	20,278	29.29
6	Greaves Ltd	7,528	28.85
7	Hero Honda Motors Limited	1,020	18.96
8	Infosys Technologies Limited	885	27.40
9	Maruti Udyog Limited	1,804	3.19

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10	Motherson Sumi Systems Limited	18,004	26.33
11	Nestle India Limited	843	17.32
12	Rallis India Limited	2,369	25.87
13	Voltas Limited	14,429	30.54
14	Diamond Power Infrastructure Limited	11,251	26.51
15	Greaves Limited	909	3.48
16	Rallis India Limited	417	4.43
Bonds & Debentures			
1	0% NHB Bonds 24/12/2018	1,800	96.70
2	0% NABARD Bhavishya Nirman Bond 01/08/2017	4,385	509.89
3	10.70% Tata Motors Fin Bonds 10/04/2020	25	128.10
4	10.70% TMFL Bonds	14	70.00
5	10.90% Tata Motors Fin. Ltd. 20/01/2020	296	1,536.29
6	11.15% PFC Bonds 15/09/2011	12	125.23
7	12% NABARD SLR Bonds 15/01/2012	12,000	125.25
8	6.85% IIFCL Taxfree Bonds 22/01/2014	480	490.66
9	6.85% NABARD Bonds 06/07/2013	13	131.01
10	7.10% PFC Bonds 15/07/2012	200	2,000.56
11	7.50% IDFC Bonds 10/06/2013	65	657.96
12	7.55% NHB Bonds 12/07/2013	61	619.72
13	7.60% REC Bonds 22/01/2013	30	300.00
14	7.70% HPCL Bonds 12/04/2013	13	134.24
15	7.75% REC Bonds 17/11/2012	56	561.15
16	8% Oil MKT Comp GOI Bonds 23/03/2026	630,000	626.64
17	8.30% GOI 02/07/2040	500,000	513.59
18	8.32% TNEB Bonds 19/02/2020	19	158.84
19	8.42% Tamilnadu SDL 25/08/2020	772,500	532.73
20	8.48% IDFC Limited Bonds 28/09/2013	13	131.22
21	8.52% Karnataka SDL 2020	240,200	212.38
22	8.55% UPSDL 28/04/2020	210,000	253.85
23	8.56% Punjab SDL 13/04/2020	250,000	1,719.74
24	8.60% PFC Bonds 07/08/2014	2	480.46
25	8.64% PGC Bonds 08/07/2017	134	161.28
26	8.64% TNEB Bonds	16	302.31
27	8.68% Exim Bank Bonds 13/09/2020	48	50.33
28	8.70% PFC Bonds 14/05/2020	16	50.44
29	8.75% REC Bonds 08/06/2025	30	190.74
30	8.77% IDFC Bonds 20/09/2020	5	997.02
31	8.79% IDFC Ltd Bonds 15/09/2020	5	1,299.36
32	8.80% IDFC Bonds 15/06/2025	19	524.55
33	8.80% REC Bonds 29/11/2020	100	1,225.35
34	8.83% IRFC Bonds 14/05/2031	180	385.53
35	8.83% IRFC Bonds 14/05/2033	119	152.08
36	8.83% IRFC Bonds 14/05/2034	38	824.72
37	8.83% IRFC Bonds 14/05/2035	15	1,009.69
38	8.84% PGC Bonds 21/10/2015	65	752.54
39	8.84% PGC Bonds 21/10/2019	80	502.66
40	8.84% PGC Bonds 21/10/2023	60	793.08
41	8.84% PGC Bonds 21/10/2025	40	1,642.42
42	8.86% IDFC Bonds 20/09/2025	78	281.96
43	8.89% IDFC Limited Bonds 15/09/2025	164	202.17
44	8.90% IDFC Bonds 19/11/2025	28	375.52
45	8.90% UCO Bank Bonds 25/03/2025	20	124.63
46	8.95% IDFC Bonds 06/08/2025	37	1,449.59
47	9% Corporation Bank Perpetual Bonds	12	424.69
48	9.02% IREDA Bonds 24/09/2025	141	482.52
49	9.05% Canara Bank Perpetual Bonds	42	4,189.01
50	9.05% PFC Bonds 15/12/2020	48	120.45
51	9.13% NACIL Bonds 26/03/2020	391	2,751.38
52	9.15% IDBI Bank Perpetual Bonds	12	527.85
53	9.25% Fullerton India NCD 19/04/2013	262	430.00
54	9.30% IOB Perpetual Bonds	50	1,891.85
55	9.30% Yes Bank Bonds 30/04/2020	43	316.98
56	9.70% IFCI Bonds 04/05/2030	182	96.70
57	Tata Capital CP 13/09/2010	320,000	509.89

21. Leases :

The Company has leased facilities under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognised during the year amounts to Rs. 72.46 lacs (Previous Year Rs. 45.83 lacs). The future minimum lease payments in respect of the non-cancellable operating leases as at 31st March 2011 are:

	As at 31.03.2011	(Rs. In lac) As at 31.03.2010
a) not later than one year	38.19	31.47
b) later than one year but not later than five years	17.79	20.28
c) later than five years	2.98	2.98

22. Pursuant to the Scheme of Arrangement and Demerger, the steel business undertaking of the company stands vested with Vardhman Special Steels Limited w.e.f. 1st January, 2011. The steel business is a separate reportable business segment and is being disclosed as such. The following table reflects the carrying values of the primary components of the discontinuing operations viz; assets, liabilities revenue, expense, pre tax profits, tax expense and cash flows for the period ended 31st December, 2010. The said information is required to be disclosed as per the requirements of Accounting Standard (AS)- 24 Discounting Operations issued by Companies (Accounting Standards) Rules, 2006.

Particulars	(Rs. In Lacs)
ASSETS	
Land	137.63
Buildings	876.92
Plant & Machinery	2,031.09
Other Fixed Assets	59.28
Debtors	8,044.70
Inventory	8,791.97
Other Current Assets	1,146.71
Total Assets	21,088.30
LIABILITIES	
Secured Loans	113.51
Unsecured Loans	3,202.00
Deferred Tax Liability	422.55
Sundry Creditors	983.38
Other Liabilities	1,203.20
Total Liabilities	5,924.64
Net Assets	
Revenue	28,075.89
Expenses	24,601.68
Profit before tax	3,474.21
Tax Expense	1,154.35
Profit after tax	2,319.86
Cash flow from operating activities	451.29
Cash flow from investing activities	(198.63)
Cash flow from financing activities	(217.41)

The Scheme of Arrangement and Demerger provides for the issue & allotment of shares to the shareholders of the company by Vardhman Special Steels Ltd. in consideration of such demerger. There is no gain or loss involved in the transaction of Demerger.

23. Related Party Disclosure

- (a) Disclosure of Related Parties and relationship between the parties.

1. Subsidiaries	VMT Spinning Company Limited
	Vardhman Acrylics Limited
	VTL Investments Limited
	Vardhman Yarns & Threads Limited
	Vardhman Special Steels Limited
	Vardhman Nisshinbo Garments Company Limited (Formerly known as Vardhman Texgarments Limited)
2. Associates	Vardhman Textile Components Limited
	Vardhman Spinning & General Mills Limited

Vardhman Textiles Limited

3. Key Management Personnel
 Mr. S.P.Oswal
 Mr. Sachit Jain
 Mrs. Suchita Jain
 Mr. Neeraj Jain
4. Enterprises over which key Management Personnel and relative of such personnel is able to exercise significant influence or control
 Vardhman Holdings Limited
 Vardhman Apparels Limited
 Banarso Devi Oswal Public Charitable Trust
 Sri Aurobindo Socio Economic and Management Research Institute
 *Adinath Investment & Trading Co.
 *Devakar Investment & Trading Co. Pvt. Limited
 *Srestha Holdings Limited
 *Santon Finance & Investment Co. Limited
 *Flamingo Finance & Investment Co. Limited
 *Ramaniya Finance & Investment Co. Limited
 *Marshall Investment & Trading Co. (P) Limited
 *Pradeep Mercentile Co. (P) Limited
 *Plaza Trading Co. (P) Limited
 *Anklesh Investments (P) Limited
 *Syracuse Investment & Trading Co. (P) Limited
 **Mahavir Spinning Mills (P) Limited
 (Formerly known as Vardhman Textile Processors (P) Limited)
 **Northern Trading Co.

Note: * Only Loan Transactions have taken place with these Companies.

** No transaction has taken place during the year.

(b) Description of the nature of transactions with the related parties :

(Rs. in lac)

Particulars	Subsidiaries		Associates		Key Management Personnel (KMP)		Relatives of KMP		Enterprises over which KMP is able to exercise significant influence		TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase/processing of goods	23,350.61	12,332.27	3,486.43	12,805.04	-	-	-	-	-	-	26,837.04	25,137.31
Purchase of DEPB licences	66.64	17.42	-	-	-	-	-	-	-	-	66.64	17.42
Sale/processing of goods	4,235.25	4,547.61	-	13.49	-	-	-	-	-	-	4,235.25	4,561.10
Sale of DEPB licences	1,439.27	1,308.05	-	-	-	-	-	-	-	-	1,439.27	1,308.05
Purchase of fixed assets	-	-	-	-	-	-	427.00	-	-	-	427.00	-
Sale of fixed assets	12.38	16.66	-	-	-	-	-	-	-	-	12.38	16.66
Donation	-	-	-	-	-	-	-	-	300.00	75.00	300.00	75.00
Rent Paid	-	-	-	-	-	-	-	-	6.79	6.79	6.79	6.79
Receipt against corporate services agreement *	261.00	279.45	-	-	-	-	-	-	-	-	261.00	279.45
Payment against licence agreement *	-	-	-	-	-	-	-	-	60.00	55.00	60.00	55.00
Interest paid	876.06	608.59	17.57	29.33	-	-	-	-	151.44	76.74	1,045.07	714.66
Interest received	23.72	36.09	-	-	-	-	-	-	-	-	23.72	36.09
Rent Received	0.72	0.72	-	-	-	-	-	-	-	-	0.72	0.72
Managerial remuneration	-	-	-	-	1,429.55	698.14	-	-	-	-	1,429.55	698.14
Loan Given (Including Opening Balance)	19,002.73	-	-	-	-	-	-	-	-	-	19,002.73	-
Loan Repayment	17,898.43	-	-	-	-	-	-	-	-	-	17,898.43	-
Closing Balance	1,104.30	-	-	-	-	-	-	-	-	-	1,104.30	-
Loan Taken (Including Opening Balance)	87,184.52	79,721.79	-	-	-	-	-	-	5,372.75	2,612.00	92,557.27	82,333.79
Loan Repayment	82,498.49	69,966.79	-	-	-	-	-	-	3,429.20	1,992.25	85,927.69	71,959.04
Closing Balance	4,686.03	9,755.00	-	-	-	-	-	-	1,943.55	619.75	6,629.58	10,374.75

*excluding service tax

24. Computation of net profit for section 198 read with Section 349 of the Companies Act, 1956, for the purpose of commission payable to the Chairman & Managing Director and Executive Directors.

	Current Year	(Rs in Lac) Previous Year
Profit before tax	60,885.70	28,702.40
Add: Depreciation as per Books of account	22,602.36	22,087.57
Managerial Remuneration	1,429.55	698.14
Less : Depreciation allowable	22,546.12	22,025.98
Profit on sale of Assets as per Section 349(3)(d) of the Companies Act, 1956	117.86	12.82
Profit for computation of Commission	62,253.63	29,449.31
Maximum permissible i.e. 10% of profits	6,225.36	2,944.93
a) Computation of commission payable to Executive Directors : 75% of salary	36.28	14.63
b) Computation of Commission payable to Chairman & Managing Director : Commission @ 2%	1,245.07	588.98
	1,281.35	603.61
Remuneration paid/payable to Chairman & Managing Director and Executive Directors		
a) Chairman & Managing Director		
Salary	56.49	55.23
Commission	1,245.07	588.98
Contribution to Provident & Other Funds	4.84	4.73
Others including perquisites*	9.15	7.90
b) Executive Directors		
Salary	75.47	27.31
Commission	36.28	14.63
Contribution to Provident & Other Funds	6.70	2.34
Others including perquisites*	2.92	1.47
TOTAL **	1,436.92	702.59

* Perquisites includes non-cash items of Rs. 7.37 lacs (Previous Year Rs. 4.45 lacs) calculated as per Income Tax Rules, 1962.

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

25. Previous year's figures have been recast / regrouped wherever necessary.

26. Disclosure required by Clause 32 of Listing Agreement:

The Company has given inter corporate deposits aggregating to Rs. 1,111.50 lacs (Previous Year Rs. Nil) to M/s Vardhman Acrylics Ltd. during the year. The maximum amount outstanding during the year was Rs. 833.80 lacs (Previous Year Nil). The Balance outstanding as on 31.03.11 is Rs. Nil (Previous Year Rs. Nil).

The Company has given inter corporate deposits aggregating to Rs. 4,914.80 lacs (Previous Year Rs. Nil) to M/s VMT Spg. Company Limited during the year. The maximum amount outstanding during the year was Rs. 2,195.30 lacs (Previous Year Rs. Nil). The Balance outstanding as on 31.03.11 is Rs. 1,104.30 lacs (Previous Year Rs. Nil).

The Company has given inter corporate deposits aggregating to Rs. 8,121.83 lacs (Previous Year Rs. Nil) to M/s Vardhman Special Steels Limited during the year. The maximum amount outstanding during the year was Rs. 1,181.29 lacs (Previous Year Nil). The Balance outstanding as on 31.03.11 is Rs. Nil (Previous Year Rs. Nil).

The Company has given inter corporate deposits aggregating to Rs. 567.60 lacs (Previous Year Rs. Nil) to M/s Vardhman Nisshinbo Garments Company Limited during the year. The maximum amount outstanding during the year was Rs. 455.00 lacs (Previous Year Nil). The Balance outstanding as on 31.03.11 is Rs. Nil (Previous Year Rs. Nil).

The Company has given inter corporate deposits aggregating to Rs. 4,287.00 lacs (Previous Year Rs. Nil) to M/s VTL Investments Limited during the year. The maximum amount outstanding during the year was Rs. 2,462.00 lacs (Previous Year Rs. Nil). The Balance outstanding as on 31.03.11 is Rs. Nil (Previous Year Rs. Nil).

27. Excise Duty amounting to Rs. 3,015.07 Lacs (Previous Year Rs. 2,426.80 Lacs) has been reduced from gross turnover as the same is included in the figure of gross turnover. Further the difference of excise duty between the closing stock and opening stock has been disclosed separately in the statement of profit and loss.

28. During the year, the Company raised Rs. 200 crores by issuing 58,82,352 equity shares of Rs. 10/- each at a premium of Rs. 330/- per share through a QIP issue to QIB's in accordance with ICDR Regulations, 2009 pursuant to which the Equity Share Capital of the Company stand increased from Rs. 57.77 crores to Rs.63.65 crores. The amount so raised has been utilized for the purpose it was raised.

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29. The company had issued Zero Coupon Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 60 Million out of which FCCBs of US \$ 1 Million were bought back by the company in the year 2008-09, thus leaving the outstanding FCCBs of US \$ 59 Million. The bond holders had an option to convert bonds in to equity shares of the company at a price of Rs. 423.25 per share (subject to adjustment if any) with a fixed exchange rate of Rs. 44.1722 per US \$ at any time on or after 16th March 2006 but before 17th Jan 2011. These FCCBs were redeemable on 17th Feb 2011 at a premium of 34.39% of their principal amount unless previously converted, redeemed, paid or cancelled. In view of conversion of FCCBs not having been opted by the bond holders, the company has during the year redeemed such Bonds along with premium. The approximate amount of premium payable was allocated over period of 5 years and had been provided in the books of account in the preceding years as well as in this year by debit to Securities Premium Account. No adjustment had been made in respect of tax effect on such a debit in the preceding years in view of uncertainty as to the convertibility of bonds into equity shares. The adjustment of tax effect for debit to Securities Premium Account for the year under reference as well as for the preceding years has been made during the year.

30. Figures in bracket indicate deductions.

31. Employee Benefits :

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

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

Particulars	(Rs. In Lacs)			
	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value obligation as at beginning of the year	259.97	265.08	1,459.35	1,229.65
Interest cost	15.76	19.37	110.87	95.21
Past Service cost	-	-	-	-
Current service cost	202.06	95.44	289.09	205.94
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(132.56)	(74.47)	(227.95)	(218.98)
Actuarial (gain)/ loss on Obligations	22.53	(45.45)	380.77	147.53
Present value obligation as at end of the year*	367.76	259.97	2,012.13	1,459.35

*Gratuity balance as at 31.03.2011 includes amounts to be transferred to VSSL gratuity fund account on account of De-merger (Refer Note No 22)

(b) Change in Fair Value of Plan Asset :

Particulars	(Rs. In Lacs)			
	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of Plan Assets as at beginning of the year	-	-	1,319.38	1,190.43
Expected return on Plan Assets	-	-	91.69	90.76
Contributions	-	-	139.97	39.21
Benefits Paid	-	-	-	-
Actuarial gain/ (loss) on Obligations	-	-	3.70	(1.02)
Fair value of Plan Assets as at end of the year*	-	-	1,554.74	1,319.38

*Gratuity balance as at 31.03.2011 includes amounts to be transferred to VSSL gratuity fund account on account of De-merger (Refer Note No 22)

(c) Amount recognized in Balance Sheet :

Particulars	(Rs. In Lacs)			
	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value obligation as at end of the year	367.76	259.97	2,012.13	1,459.35
Fair value of Plan Assets as at end of the year	-	-	1,554.74	1,319.38
Funded Status	(367.76)	(259.97)	(457.39)	(139.97)
Present value of unfunded obligation as at end of the year	-	259.97	-	-
Unfunded Actuarial (gains)/ losses	-	-	-	-
Unfunded Net Asset/ (Liability) recognised in Balance Sheet	(367.76)	(259.97)	(457.39)	(139.97)

(d) Expenses Recognized in Profit & Loss :

Particulars	(Rs. In Lacs)			
	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost	202.06	95.44	289.09	205.94
Past Service cost	-	-	-	-
Interest cost	15.76	19.37	110.87	95.21
Expected return on Plan Assets	-	-	(91.69)	(90.75)
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	22.54	(45.45)	377.07	148.55
Total Expenses recognised in Profit & Loss Account	240.36	69.36	685.34	358.95

(e) Investment details of Fund :

Particulars	(Rs. In Lacs)			
	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Central Govt. Securities	-	-	661.12	344.46
State Govt. Securities	-	-	6.87	6.87
Investment in PSU	-	-	-	-
Other Investments	-	-	879.62	957.27
Bank Balance	-	-	7.13	10.78
Total	-	-	1,554.74	1,319.38

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

Particulars	(Rs. In Lacs)			
	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rate (per annum)	8.50%	8.50%	8.50%	8.50%
Rate of increase in compensation levels (per annum)	7.00%	7.00%	6.00%	6.00%
Rate of return on plan assets (per annum)	N.A.	N.A.	7.00%	7.50%
Expected Average remaining working lives of employees (years)	27.70	23	27.70	28
Method Used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

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

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

Particulars	(Rs. In Lacs)					
	Leave		Leave Travel Encashment		Ex-Gratia	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Liability as at beginning of the year	54.97	61.76	83.34	81.18	154.31	98.82
Liability as at end of the year	40.70	54.97	85.54	83.34	194.56	154.31
Amount debited to P&L Account	(20.62)	(6.79)	67.97	64.47	198.41	194.19

(h) During the year, the company has recognized an expense of Rs. 915.35 Lacs (Previous Year Rs. 874.35 Lacs) in respect of Contribution to Provident Fund and Rs. 63.83 Lacs (Previous Year Rs. 56.35 Lacs) in respect of Contribution to Superannuation Scheme.

32. The figures for the current year are not comparable with the preceding year's figures on account of demerger of the steel business undertaking of the Company to Vardhman Special Steels Limited with effect from 1st January, 2011. (Refer Note No. 7).

33. The company uses forward contracts and options to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities, firm commitment and highly probable forecast transactions. The use of the aforesaid financial instruments is governed by the company's overall strategy. The company does not use forward contracts and options for speculative purposes. The details of the outstanding forward contracts and options as at 31st March 2011 is as under:

Vardhman Textiles Limited

a) Category wise quantitative data

	Current Year		Previous Year	
	No. of Contracts	Amount in Foreign Currency (million)	No. of Contracts	Amount in Foreign Currency (million)
Forward contracts against exports (USD)	20	27.26	50	33.85
Forward contracts against exports (EURO)	3	3.00	7	3.60
Put and Call options against exports (USD) *	14	190.00	7	65.50
Put and Call options against exports (EURO) *	1	2.00	-	-
Put and Call options against imports (EURO) *	4	11.90	-	-
Put and Call options against imports (CHF) *	1	3.00	-	-
Forward contracts against imports (USD)	14	19.14	4	6.00
Forward contracts against imports (YEN)	-	-	4	380.00
Forward contracts against imports (CHF)	2	3.00	-	-
Forward contracts against imports (EURO)	10	19.60	3	2.00
Forward contracts against Foreign Currency Loans (USD)	-	-	14	35.00
Put and Call options against foreign Currency Loans (USD)*	-	-	3	20.00

b) Details of foreign currency exposure that has not been hedged by a derivative instrument or otherwise is given below :

Against Debtors (YEN)	-	24.34
Against Creditors (CHF)	0.60	-
Against Creditors (EURO)	0.20	-
Against Creditors (USD)	0.60	1.33
Against Creditors (YEN)	56.91	0.48
Against Loans (USD)	-	20.28

* Option Contracts are based on the maximum coverage under options.

34. The information required by Para 3 & 4 of Part II of Schedule VI to the Companies Act, 1956:-

(A) CAPACITY

	Unit	Licensed Capacity		Installed Capacity	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1. Spindles	No.	N.A.	N.A.	747,936	736,168
2. Looms	No.	N.A.	N.A.	900	900
3. Rotors	No.	N.A.	N.A.	3,768	3,408
4. Steel Ingots/Billets	MT	N.A.	N.A.	-	1,00,000
5. Rolled Products	MT	N.A.	N.A.	-	80,400

(B) ACTUAL PRODUCTION

	Unit	Current Year	Previous Year
		31.03.2011	31.03.2010
Yarn	MT	130,861	126,146
Fabric \$	MN Mtrs	114.08	108.49
Processed Fabric	MN Mtrs	75.44	60.78
Steel Ingots/Billets	MT	64,581	62,110
Rolled Products *	MT	57,060	56,581

* including goods processed by/for others on job basis and consumed for captive consumption

\$ Including fabric transferred to Process House

(C) PURCHASE OF FINISHED GOODS

Particulars	Unit	Current year		(Rs. In Lac)	
		Quantity	Value	Quantity	Value
		Previous Year			
Yarn	MT	885	1,830.72	880	1,365.00
Waste		-	3.82	-	-
Total			<u>1,834.54</u>		<u>1,365.00</u>

(D) SALES

Particulars	Unit	Current year		(Rs. In Lac) Previous Year	
		Quantity	Value	Quantity	Value
		Yarn	MT	90,347	204,106.88
Fabric	MN Mtrs	35.94	23,858.99	45.98	23,771.71
Processed Fabric	MN Mtrs	74.16	82,819.74	60.09	55,651.95
Raw Material (Others)	MT	3,046	2,756.00	2,604	2,278.42
Raw Material (Fabric)	MN Mtrs	-	-	0.01	25.81
Billets	MT	32	16.29	148	308.79
Rolled Products	MT	53,893	30,598.57	54,660	27,329.16
Processing Charges			1,405.73		1,294.10
Waste			13,230.07		10,542.36
Miscellaneous			4,903.96		7,820.34
Total			<u>363,696.23</u>		<u>276,722.16</u>

(E) RAW MATERIAL CONSUMED

Particulars	Unit	Current year		(Rs. In Lac) Previous Year	
		Quantity	Value	Quantity	Value
		Cotton	MT	136,643	128,458.12
Manmade Fibre	MT	26,004	36,604.44	25,046	27,978.58
Yarn	MT	1,202	2,029.50	1,340	1,942.00
Fabric	MN Mtrs	0.002	0.97	-	-
Scrap	MT	68,845	16,975.93	65,286	13,445.96
Total			<u>184,068.96</u>		<u>133,422.14</u>

(F) OPENING STOCK OF FINISHED GOODS

Particulars	Unit	Current year		(Rs. In Lac) Previous Year	
		Quantity	Value	Quantity	Value
		Yarn	MT	8,456	13,525.96
Fabric	MN Mtrs	9.71	4,935.49	9.02	4,177.43
Processed Fabric	MN Mtrs	2.47	1,529.39	1.77	1,066.03
Billets	MT	4,214	1,348.26	2,606	940.60
Rolled Products	MT	5,117	2,059.15	5,433	2,480.89
Total			<u>23,398.25</u>		<u>19,102.55</u>

(G) CLOSING STOCK OF FINISHED GOODS

Particulars	Unit	Current year		(Rs. In Lac) Previous Year	
		Quantity	Value	Quantity	Value
		Yarn	MT	12,344	25,610.75
Fabric	MN Mtrs	11.15	7,379.26	9.71	4,935.49
Processed Fabric	MN Mtrs	3.73	3,366.48	2.47	1,529.39
Billets	MT	-	-	4,214	1,348.26
Rolled Products	MT	-	-	5,117	2,059.15
Total			<u>36,356.49</u>		<u>23,398.25</u>

(H) CIF VALUE OF IMPORTS

Particulars	Current Year		(Rs. In Lac) Previous Year	
	Quantity	Value	Quantity	Value
Raw Materials		14,476.61		13,489.81
Components & Spare Parts		4,185.39		3,466.18
Capital Goods		12,498.22		7,134.03
Total		<u>31,160.22</u>		<u>24,090.02</u>

Vardhman Textiles Limited

(I) EXPENDITURE IN FOREIGN CURRENCY

Particulars	Current Year	(Rs. In Lac) Previous Year
Travelling	51.25	49.07
Commission	1,704.23	1,005.63
Technical Knowhow Fee	94.92	85.04
Miscellaneous	66.43	96.23
Total	<u>1,916.83</u>	<u>1,235.97</u>

(J) EARNING IN FOREIGN CURRENCY

Particulars	Current Year	(Rs. In Lacs) Previous Year
FOB Value of Exports	121,826.27	70,400.35
Total	<u>121,826.27</u>	<u>70,400.35</u>

(K) VALUE OF RAW MATERIALS, COMPONENTS & SPARE PARTS CONSUMED

Particulars	Current Year Value	%	Previous Year Value	(Rs. In Lac) %
(1) Raw Materials				
Imported	16,073.83	8.73	13,035.08	9.77
Indigenous	167,995.13	91.27	120,387.06	90.23
Total	<u>184,068.96</u>	<u>100.00</u>	<u>133,422.14</u>	<u>100.00</u>
(2) Components and Spare Parts:				
Imported	3,709.30	13.81	3,314.93	13.06
Indigenous	23,141.47	86.19	22,069.02	86.94
Total	<u>26,850.77</u>	<u>100.00</u>	<u>25,383.95</u>	<u>100.00</u>

As per our report of even date attached

For S.C. Vasudeva & Co.,

Chartered Accountants

Firm Registration No.: 000235N

SANJIV MOHAN

Partner

(M.No. 86066)

VIPIN GUPTA

Company Secretary

RAJEEV THAPAR

CGM (Finance,
Accounts & Taxation)

SACHIT JAIN

Executive Director

S.P. OSWAL

Chairman &
Managing Director

PLACE : NEW DELHI

DATED : 9th May, 2011

For and on behalf of the Board

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

Registration No.

		3	3	4	5
--	--	---	---	---	---

State Code

1	6
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

Date

Month

Year

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

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement*

			5	8	8	2	3
--	--	--	---	---	---	---	---

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

Total Assets

4	9	4	7	0	7	4	3
---	---	---	---	---	---	---	---

Total Liabilities

4	9	4	7	0	7	4	3
---	---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up Capital

		6	3	6	5	1	9
--	--	---	---	---	---	---	---

Reserves & Surplus**

2	0	5	1	4	1	4	9
---	---	---	---	---	---	---	---

Secured Loans

2	7	6	5	4	5	9	7
---	---	---	---	---	---	---	---

Unsecured Loans

		6	6	5	4	7	8
--	--	---	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

2	2	6	6	3	0	4	5
---	---	---	---	---	---	---	---

Investments

		3	5	2	6	4	7	8
--	--	---	---	---	---	---	---	---

Net Current Assets

2	3	2	8	1	2	2	0
---	---	---	---	---	---	---	---

Miscellaneous Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

Accumulated Losses

						N	I	L
--	--	--	--	--	--	---	---	---

*excluding share premium

**including Deferred Tax Liability amounting to Rs. 19,68,053 thousand

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

Turnover (including other income)

3	6	5	0	7	9	0	0
---	---	---	---	---	---	---	---

Total Expenditure

3	0	4	1	9	3	3	0
---	---	---	---	---	---	---	---

+	-						
+							

Profit/Loss before Tax

		6	0	8	8	5	7	0
--	--	---	---	---	---	---	---	---

+	-						
+							

Profit/Loss after Tax

		4	6	9	7	0	4	9
--	--	---	---	---	---	---	---	---

Earnings per Share (in Rs.)

		7	8	.	0	6
--	--	---	---	---	---	---

Dividend Rate (%)

4	5
---	---

BASIC

DILUTED

		7	8	.	0	6
--	--	---	---	---	---	---

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (As per Monetary Terms)

Item Code No. (ITC Code)

						5	2	.	0	5
--	--	--	--	--	--	---	---	---	---	---

Product Description

C	O	T	T	O	N	Y	A	R	N										
---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--

Item Code No. (ITC Code)

						5	5	.	0	9
--	--	--	--	--	--	---	---	---	---	---

Product Description

Y	A	R	N	O	F	S	Y	N	T	H	E	T	I	C					
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--

Item Code No. (ITC Code)

						5	2	.	0	8
--	--	--	--	--	--	---	---	---	---	---

Product Description

W	O	V	E	N	F	A	B	R	I	C	O	F	C	O	T	T	O	N
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

For and on behalf of the Board

PLACE : NEW DELHI
DATED : 9th May, 2011VIPIN GUPTA
Company SecretaryRAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)SACHIT JAIN
Executive DirectorS.P. OSWAL
Chairman &
Managing Director

Consolidated Results of Vardhman Textiles Limited

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
Vardhman Textiles Limited

1. We have audited the attached consolidated balance sheet of Vardhman Textiles limited ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31st March, 2011 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of all material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 1,198.25 Crore as at 31st March, 2011, total revenue of Rs. 1,109.41 Crore and net cash out flows amounting to Rs. 22.57 Crore for the year ended on that date and an associate whose financial statements reflect the Group share of income of Rs. 1.79 lacs. These financial statements and other financial information have been audited by other auditor's whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of the Accounting Standard (AS) 21, "Consolidated Financial Statement" and Accounting Standard(AS) 23 "Accounting for Investment in Associates in Consolidated Financial Statements" as notified by the

Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the company, its subsidiaries and an associate included in the consolidated financial statements.

5. *As indicated in note-8 in Schedule-18 there is significant uncertainty associated with the derivative options referred to in the said note, resolution of which is dependant upon future events which are not under the direct control of the company, on account of which the company could not determine the possible loss, if any, on valuation of such derivative options. The ultimate outcome of these future events and their affect on the financial statements cannot be ascertained at this stage.*

Subject to paragraph 5 above, based on our audit and to the best of our information and according to the explanations given to us, and on the consideration of the separate audit reports on individual audited financial statements of the company, its subsidiaries and associates, in our opinion the consolidated financial statements read together with the significant accounting policies and other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group, as at 31st March, 2011;
- (b) in the case of the consolidated profit and loss account, of the profit of the Group for the year ended on that date; and
- (c) in the case of consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

FOR S.C. VASUDEVA & CO.,
CHARTERED ACCOUNTANTS
Firm Registration No.: 000235N

(SANJIV MOHAN)
PARTNER

PLACE : NEW DELHI
DATED : 9th May, 2011

MEMBERSHIP NO. 86066

Consolidated Results of Vardhman Textiles Limited

CONSOLIDATED BALANCE SHEET as at 31st March, 2011

PARTICULARS	Schedule No.	As At 31.03.2011 (Rs. in Lac)	As At 31.03.2010 (Rs. in Lac)
I. SOURCES OF FUNDS			
1. Shareholders' funds			
a) Capital	1	6,251.79	5,663.55
b) Reserves and Surplus	2	220,165.22	154,754.84
		<u>226,417.01</u>	<u>160,418.39</u>
2. Loan Funds			
a) Secured Loans	3	292,474.40	234,649.64
b) Unsecured Loans	4	1,968.75	29,654.51
		<u>294,443.15</u>	<u>264,304.15</u>
3. Minority Interest			
a) Capital		8,509.31	8,509.31
b) Reserves & Surplus		22,913.26	18,687.25
		<u>31,422.57</u>	<u>27,196.56</u>
4. Deferred Tax Liability			
		<u>23,105.50</u>	<u>22,867.24</u>
TOTAL		<u>575,388.23</u>	<u>474,786.34</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	5	441,557.19	417,640.26
b) Less: Depreciation		188,148.04	162,309.78
c) Net Block		253,409.15	255,330.48
d) Capital Work-in-Progress	6	15,636.21	4,527.52
		<u>269,045.36</u>	<u>259,858.00</u>
2. Goodwill on Consolidation			
		293.15	293.15
3. Investments			
	7	23,343.07	9,225.62
4. Current Assets, Loans and Advances			
a) Inventories	8	193,288.51	129,699.38
b) Sundry Debtors		66,702.66	47,584.80
c) Cash and Bank Balances		7,066.19	26,237.87
d) Other Current Assets		0.63	0.63
e) Loans and Advances		50,592.49	34,826.78
	A	<u>317,650.48</u>	<u>238,349.46</u>
Less: Current Liabilities and Provisions			
a) Liabilities	9	31,672.34	30,036.74
b) Provisions		3,271.49	2,903.15
	B	<u>34,943.83</u>	<u>32,939.89</u>
Net Current Assets (A-B)		<u>282,706.65</u>	<u>205,409.57</u>
TOTAL		<u>575,388.23</u>	<u>474,786.34</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:18

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

As per our report of even date attached
For S.C. Vasudeva & Co.,
Chartered Accountants
Firm Registration No.: 000235N

For and on behalf of the Board

SANJIV MOHAN
Partner
(M.No. 86066)

VIPIN GUPTA
Company Secretary

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman &
Managing Director

PLACE : NEW DELHI
DATED : 9th May, 2011

Consolidated Results of Vardhman Textiles Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2011

Particulars	Schedule No.	Current Year (Rs. in Lac)	Previous Year (Rs. in Lac)
INCOME			
Sales (Gross)		449,215.55	339,138.83
Less: Excise Duty		7,369.72	4,071.59
Sales (Net)		441,845.83	335,067.24
Other Income	10	3,668.28	4,806.33
Income from Associates		2.90	5.31
Total		445,517.01	339,878.88
EXPENDITURE			
Raw Material Consumed and Purchase of Finished Goods	11	222,169.01	156,741.49
Manufacturing Expenses	12	85,178.81	73,713.34
Personnel Expenses	13	25,844.51	21,492.48
Administrative and Other Expenses	14	9,476.75	6,986.39
Interest and Financial Charges	15	10,773.05	8,516.92
Selling and Distribution Expenses	16	15,962.07	11,860.82
(Increase)/Decrease in Work in Process and Finished Stock	17	(25,975.70)	(6,189.36)
Difference of Excise Duty on Stocks		81.02	(39.63)
Preliminary Expenses		3.74	0.31
Depreciation & Amortisation		26,467.43	25,663.66
Total		369,980.69	298,746.42
Profit for the year before tax		75,536.32	41,132.46
Profit for the year before tax for Continuing Operations	72,062.11		41,132.46
Less: Provision for			
- Current Tax [Including Rs 26.20 Lacs (Previous Year Rs 23.51 Lacs) for Wealth Tax]	16,392.62	8,924.15	
- MAT Credit Entitlement	(260.25)	(101.62)	
- Deferred Tax	279.75	1,981.42	
- Deferred Tax Adjustment	-	90.63	
- Tax effect (premium on redemption of FCCBs)	1,009.31	-	
- Tax adjustment for earlier years	208.55	0.01	
Profit for the year after tax from Continuing Operations (A)	54,432.13	30,237.87	
Profit for the year before tax on Discontinued Operations	3,474.21	-	
Less: Provision for			
- Current Tax	1,195.83	-	
- Deferred Tax	(41.48)	-	
Profit for the year after tax from Discontinued Operations (B)	2,319.86	-	
Net Profit for the year after tax but before Minority Interest (A+B)		56,751.99	30,237.87
Less: Minority Interest		4,226.01	4,090.58
Profit after tax and minority Interest		52,525.98	26,147.29
Add:			
Corporate Dividend Tax written back		123.45	195.14
Balance brought forward		17,990.09	8,763.91
Less :			
Adjustment of preceeding year's tax effect in respect of premium paid on redemption of FCCB's		2,511.74	
Balance available for appropriation		68,127.78	35,106.34
Appropriations:			
Proposed Dividend			
-On Equity Shares	3,573.06	2,304.42	
-Corporate Dividend Tax thereon	717.67	4,290.73	511.83
Transferred to General Reserve		30,745.00	14,300.00
Balance carried to Balance Sheet		33,092.05	17,990.09
		68,127.78	35,106.34
Earning per share of Rs. 10/- each (Refer Note No 6 of Notes on accounts)			
- Basic		88.97	46.17
- Diluted		88.97	39.59
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:	18		
The Schedules referred to above form an integral part of the Profit and Loss Account			

As per our report of even date attached
For S.C. Vasudeva & Co.,
Chartered Accountants
Firm Registration No.: 000235N

For and on behalf of the Board

SANJIV MOHAN
Partner
(M.No. 86066)

VIPIN GUPTA
Company Secretary

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman &
Managing Director

PLACE : NEW DELHI
DATED : 9th May, 2011

Consolidated Results of Vardhman Textiles Limited

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2011

Particulars	Schedule No.	Current Year (Rs. in Lac)	Previous Year (Rs. in Lac)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax and Extraordinary items		75,536.32	41,132.46
Adjustments for :			
Depreciation/Amortisation	26,467.43	25,663.66	
Interest Expense	13,003.61	11,631.24	
(Income) / Loss from Associates	(2.90)	(5.31)	
Interest/Dividend Income	(3,419.70)	(3,815.47)	
(Profit)/Loss on sale of Assets(Net)	(102.20)	264.35	
(Profit)/Loss on sale of Investments (Net)	(924.42)	(631.43)	
Provision no longer required written Back(Net)	(114.32)	(239.41)	
Sundry Balances Written Off(Net)	326.40	134.16	
Provision for Doubtful Debts	254.98	76.13	
Provision for fall in value of Investments	101.09	(108.71)	
Exchange Rate Fluctuation	425.98	(2,729.60)	
		<u>36,015.95</u>	<u>30,239.61</u>
Operating Profit before Working Capital Changes		111,552.27	71,372.07
Adjustments for :			
(Increase)/Decrease in Trade & other Receivables	(36,065.23)	(8,188.32)	
(Increase)/ Decrease in Inventories	(63,589.13)	(55,735.67)	
Increase/(Decrease) in Trade Payables & other Liabilities	9,446.90	1,046.38	
		<u>(90,207.46)</u>	<u>(62,877.61)</u>
Cash Generation from Operations		21,344.81	8,494.46
Taxes Paid	(18,265.39)	(7,364.80)	(7,364.80)
Net Cash from Operating activities		3,079.42	1,129.66
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(35,953.44)	(23,064.22)	
Sale of Fixed Assets	400.85	357.56	
Purchase of Investments	(389,814.17)	(183,094.73)	
Sale of Investments	376,522.95	188,622.49	
Interest/Dividend Received	3,205.06	3,990.68	
Net Cash used in investing activities		(45,638.75)	(13,188.22)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital and calls in arrears	19,669.10	258.83	
Proceeds from Long Term Borrowings(Net)	7,843.16	5,808.19	
Proceeds from Short Term Borrowings(Net)	49,981.60	5,572.65	
Repayment of Zero Coupon Foreign Currency Convertible Bonds	(37,267.21)	-	
Proceeds / (Repayment) of Other Unsecured Borrowings	(1,195.18)	3,060.09	
Dividend Paid	(2,684.36)	(2,146.51)	
Interest Paid	(12,959.46)	(11,553.34)	
Net Cash from Financing Activities		23,387.65	999.91
Net Increase in cash & cash equivalents		(19,171.68)	(11,058.65)
Cash & cash equivalents as on beginning		26,237.87	37,296.52
Cash & cash equivalents as on end		7,066.19	26,237.87
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS		18	
The Schedules referred to above form an integral part of the Accounts.			

As per our report of even date attached
For S.C. Vasudeva & Co.,
Chartered Accountants
Firm Registration No.: 000235N

For and on behalf of the Board

SANJIV MOHAN
Partner
(M.No. 86066)

VIPIN GUPTA
Company Secretary

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman &
Managing Director

PLACE : NEW DELHI
DATED : 9th May, 2011

Consolidated Results of Vardhman Textiles Limited

Schedules 1 to 18 Annexed to and forming part of the Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended 31st March, 2011

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SCHEDULE 1 — SHARE CAPITAL		
Authorised		
9,00,00,000 Equity Shares of Rs. 10/- each (Previous Year 9,00,00,000)	9,000.00	9,000.00
1,00,00,000 Redeemable Cumulative Preference Shares of Rs. 10/- each (Previous Year 1,00,00,000)	1,000.00	1,000.00
	<u>10,000.00</u>	<u>10,000.00</u>
Issued, Subscribed & Paid-up		
6,25,17,879 Equity Shares (Previous Year 5,66,35,527) of Rs. 10/- each	6,251.79	5,663.55
	<u>6,251.79</u>	<u>5,663.55</u>

NOTES:

Of the above:

- 1,35,916 (Previous year 1,35,916) Equity Shares of Rs.10/- each are allotted as fully paid up, pursuant to contract without payment being received in cash.
- 3,50,49,580 (Previous year 3,50,49,580) Equity Shares of Rs.10/- each are allotted as fully paid up, by way of bonus shares by capitalisation of Share Premium, Capital Redemption Reserve and General Reserve.

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SCHEDULE 2 — RESERVES AND SURPLUS		
Capital Reserve		
As per last account	-	-
Add : on account of purchase of Shares in Subsidiary Company	-	212.88
Less : Adjusted with Goodwill arising on consolidation	-	<u>212.88</u>
		-
Capital Redemption Reserve		
As per last account	600.00	600.00
Capital Subsidy Reserve		
As per last account	285.00	285.00
Share Premium		
As per last account	1,427.12	2,667.71
Add :		
Amount received during the year	19,411.76	-
Adjustment of tax effect on premium on redemption of FCCBs	2,511.74	-
Less : -		
Utilised for providing for the premium payable for the year on redemption of Zero Coupon Foreign Currency Convertible Bonds (FCCBs) (Net of Tax)	2,029.18	1,240.59
Utilised for expenses on QIP Issue	<u>330.90</u>	<u>-</u>
	20,990.54	1,427.12
General Reserve		
As per last account	134,452.63	120,342.63
Less: on account of purchase of Shares in Subsidiary Company	-	190.00
Add: Transferred from Profit and Loss Account	<u>30,745.00</u>	<u>14,300.00</u>
	165,197.63	134,452.63
Surplus i.e., Balance as per annexed Profit and Loss Account	<u>33,092.05</u>	<u>17,990.09</u>
	<u>220,165.22</u>	<u>154,754.84</u>

Consolidated Results of Vardhman Textiles Limited

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SCHEDULE 3 — SECURED LOANS		
Loans & Advances from Banks		
- Term Loans	208,137.64	200,294.48
- Working Capital	84,336.76	34,355.16
	292,474.40	234,649.64

NOTES:

1. Term Loans from Banks are secured by mortgage created or to be created on all the immovable assets of the Company, both present and future and hypothecation of all the movable assets including movable machinery, machinery parts, tools and accessories and other movables both present and future (except book debts), subject to charges created or to be created in favour of the Bankers for securing the working capital limits.
2. Working Capital Borrowings from Banks are secured by hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future fixed assets of the company.
3. Amount due for repayment out of Term Loans within one year is Rs. 16,019.97 lacs (Previous Year Rs. 13,552.84 lacs)

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SCHEDULE 4 — UNSECURED LOANS		
Fixed Deposits	24.15	43.13
Interest accrued and due on above	1.05	0.63
Short Term Loans and Advances		
a) From Banks	-	2,500.00
b) From Others	1,943.55	619.75
Other Loans and Advances		
- Zero Coupon Foreign Currency Convertible Bonds	-	26,491.00
	1,968.75	29,654.51

Note: Amount due for repayment out of above within one year is Rs. 1,967.88 Lacs (Previous Year Rs. 29,635.75 Lacs)

SCHEDULE 5 — FIXED ASSETS

A) TANGIBLE ASSETS

(Rs. in Lac)

Sr. No.	Particulars	Gross Block			Depreciation				Net Block		
		As at 01.04.2010	Additions during the year	Sales/ Adjustments	As at 31.03.2011	As at 01.04.2010	For the year	Sales/ Adjust-ment	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
1.	Freehold land	9,330.21	383.03	78.98	9,634.26	-	-	-	-	9,634.26	9,330.21
2.	Leasehold land	2,351.55	10.82	-	2,362.37	193.93	23.88 *	-	217.81	2,144.56	2,157.62
3.	Buildings	67,612.24	5,009.31	80.18	72,541.37 #	10,796.26	1,776.51	5.76	12,567.01	59,974.36	56,815.98
4.	Plant & machinery	330,921.35	19,057.35	936.93	349,041.77	148,159.86	23,906.39	586.56	171,479.69	177,562.08	182,761.49
5.	Furniture & fixture	2,341.77	291.78	2.89	2,630.66	1,270.06	182.62	1.23	1,451.45	1,179.21	1,071.71
6.	Vehicles	918.10	315.50	87.65	1,145.95	333.63	89.11	35.62	387.12	758.83	584.47
Total (A)		413,475.22	25,067.79	1,186.63	437,356.38	160,753.74	25,978.51	629.17	186,103.08	251,253.30	252,721.48

B) INTANGIBLE ASSETS

Sr. No.	Particulars	Gross Block			Amortisation				Net Block		
		As at 01.04.2010	Additions during the year	Sales/ Adjustments	As at 31.03.2011	As at 01.04.2010	For the year	Sales/ Adjust-ment	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
1.	Computer Software	288.47	2.02	-	290.49	258.27	4.32	-	262.59	27.90	30.20
2.	Brand Value	2,824.71	-	-	2,824.71	564.94	282.48	-	847.42	1,977.29	2,259.77
Total (B)		3,113.18	2.02	-	3,115.20	823.21	286.80	-	1,110.01	2,005.19	2,289.97

Consolidated Results of Vardhman Textiles Limited

C) EXPENDITURE ON POWER LINES

Sr. No.	Particulars	Gross Block				Amortisation				Net Block	
		As at 01.04.2010	Additions during the year	Sales/ Adjustments	As at 31.03.2011	As at 01.04.2010	For the year	Sales/ Adjust-ment	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
1.	Expenditure on Power Lines	1,051.86	33.75	-	1,085.61	732.83	202.12	-	934.95	150.66	319.03
	Total (C)	1,051.86	33.75	-	1,085.61	732.83	202.12	-	934.95	150.66	319.03
	Grand Total (A+B+C)	417,640.26	25,103.56	1,186.63	441,557.19	162,309.78	26,467.43	-	629.17	188,148.04	253,409.15
	Previous Year	393,574.70	25,264.20	1,198.64	417,640.26	137,437.92	25,663.66	791.80	162,309.78	255,330.48	

NOTES:

- # Includes Rs.248.20 lac (Previous year Rs.248.20 lac) cost of Residential flats at Mandideep, the land cost of which has not been excluded from this cost. The depreciation for the year has been taken on the entire cost of Rs. 248.20 lac (Previous Year Rs. 248.20 Lac).
- * Represents proportionate premium for acquisition of leasehold land being amortised over the period of lease.
- Freehold land includes Rs. 417.59 lac (Previous Year Rs. 417.59 lac) for the cost of land at Baddi for which title deeds are yet to be executed in favour of the Company, though the possession thereof has been taken by the company.
 - Freehold land includes Rs. 11.00 lac (Previous Year Rs. Nil) for the cost of land at Budhni, (Madhya Pradesh) for which title deeds are yet to be executed in favour of the Company, though the possession thereof has been taken by the company.
 - Buildings includes Rs. 21.72 lacs (Previous Year Rs. 21.72 lacs) for the cost of Leasehold Building at Ludhiana, (Punjab).
 - Plant & Machinery includes Rs. 36.65 lac (Previous Year Rs. 213.92 lac) and Building includes Rs. 46.39 lac (Previous Year Rs. 68.84 lacs) for the amount allocated out of Project and Pre-operative Expenses.
 - Borrowing cost amounting to Rs. 24.80 lacs (Previous year Rs. 369.52 lacs) has been capitalised during the year.
 - Depreciation for the year includes net depreciation of Rs. (-) 21.91 lac (Previous Year Rs. (-) 18.76 lac) pertaining to earlier years.

SCHEDULE 6 — CAPITAL WORK-IN-PROGRESS

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
Building Under Construction	3,320.38	1,042.44
Machinery Under Erection	8,832.06	1,289.19
Machinery in Transit	356.06	1,029.60
Capital Advances	3,123.30	1,156.03
Project and Pre-operative Expenses (Pending allocation to fixed assets)	4.41	10.26
	15,636.21	4,527.52

SCHEDULE 7 — INVESTMENTS

I LONG TERM INVESTMENTS(AT COST)

IN GOVERNMENT SECURITIES

National saving certificate of Rs. 0.10 lacs (Pledged with Sales Tax Authorities) 0.10 0.10

1. TRADE

(UNQUOTED)

(i) 3,00,000 (Previous year 3,00,000) Equity Shares of Rs.10/- each fully paid-up of Vardhman Textile Components Limited	30.00	30.00		
Less: Goodwill arising on acquisition of shares in associates	0.70	0.70		
Add: Accumulated profit from Associate Company	48.72	78.02	46.92	76.22
(ii) 25,000 (Previous year 25,000) Equity Shares of Rs.10/- each fully paid-up of Vardhman Spinning & General Mills Limited (formerly known as Vardhman Linen Limited)	2.50	2.50		
Add: Capital Reserve arising on acquisition of shares in associates	0.42	0.42		
Add: Accumulated profit from Associate Company	4.52	7.44	3.41	6.33

2. OTHERS

(UNQUOTED)

4,495 (Previous year 4,495) Equity shares of Rs.10/- each fully paid-up of Srestha Holdings Ltd., 80 shares (Previous Year 80 Shares) of Rs 50/- each fully paid-up in the Valencia Co-operative Housing Society Limited, Mumbai and 5 shares (Previous Year 5) Dalamal House Commercial Complex Society Limited, Mumbai	0.46	0.46		
8,461 (Previous Year 8,461) Equity-Shares of Perundurai Common Effluent Treatment Plant (Section 25 Company) of Rs 1000/-each fully paid-up .	84.61	84.61		
41,000 Equity-Shares (Previous Year 41,000) of Rs 10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)	4.10	4.10		
16,47,525 (Previous Year 16,47,525) Equity Shares of Bharuch Eco-Aqua Infrastructure Limited of Rs 10/- each fully paid up.	164.75	164.75		
1,87,500 Equity Shares (Previous Year 2,50,000) of Nimbua Greenfield (Punjab) Limited of Rs 10/- each fully paid-up.	18.75	25.00		
Total (A)	358.23	361.57		

Consolidated Results of Vardhman Textiles Limited

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
II CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)		
OTHER THAN TRADE		
Equity Shares (QUOTED)		
1,69,120 (Previous Year 1,69,120) Equity Shares of Rs.10/- each fully paid-up of Industrial Development Bank of India Limited	89.32	89.32
11,640 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Moil Limited	43.65	-
40,009 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Coal India Limited	98.02	-
	230.99	89.32
Equity Linked Mutual Funds / Liquid Funds / Debt Funds/ Fixed Maturity Plans (QUOTED)		
Nil (Previous Year 1.00,00,000) units of Rs.10/- each of Reliance Fixed Horizon Fund - XII - Series 3-Super Institutional Plan - Growth Option	-	1,000.00
1,00,00,000 (Previous Year Nil) Units of Rs.10/- each of Reliance Fixed Horizon Fund - Series 10 - Growth Plan	1,000.00	-
1,00,00,000 (Previous Year Nil) Units of Rs.10/- each of Birla Sun Life Fixed Term Plan Series CX - Growth Plan	1,000.00	-
50 (Previous Year 50) units of Rs.10,00,000/- each of DB Cholamandalam Bonds	512.77	512.77
50,00,000 (Previous Year Nil) Units of Rs 10/- each of Reliance Fixed Horizon fund - XVII Series 1 - Growth Plan	500.00	-
1,00,00,000 (Previous Year Nil) Units of Rs 10/- each of SBI Debt Fund Series - Growth Plan	1,000.00	-
1,00,000 (Previous Year Nil) Units of Rs.10/- each of SBI PSU Fund	10.00	-
50,00,000 (Previous Year Nil) Units of Rs.10/- each of SBI Debt Fund Series-180 Days-11 Dividend	500.00	-
1,50,00,000 (Previous Year Nil) units of Kotak Mutual Funds of Rs.10/- each	1,500.00	-
Nil (Previous Year 150,000) Units of Rs.10/- each of Axis Equity Fund - Growth	-	15.00
2,50,00,000 (Previous Year Nil) Units of Rs.10/- each of Kotak FMP 370 Days Series 9	2,500.00	-
	8,522.77	1,527.77
Less : Provision for fall in value of Investments	0.16	-
	8,522.61	1,527.77
Liquid Funds / Debt Funds/ Monthly Income Plans (UNQUOTED)		
Nil (Previous Year 35,82,778) units of Rs.10/- each of Reliance Monthly Income Plan - Growth	-	700.00
Nil (Previous Year 65,22,817) units of Rs.10/- each of Reliance Regular Savings Fund - Debt Plan - Institutional Growth Plan	-	800.00
Nil (Previous Year 23,85,970) Units of Rs 10/- each of Reliance Regular Savings Fund - Debt Plan - Growth	-	300.00
Nil (Previous Year 26,91,619) Units of Rs 10/- each of SBI - Magnum Insta Cash Fund - Cash Option	-	550.00
46,92,809 (Previous Year Nil) Units of Rs.10/- each of Templeton India Short Term Income Plan Mutual Fund	500.00	-
41,79,892 (Previous Year Nil) Units of Rs.10/- each of SBI Liquid Mutual Fund	700.14	-
1,00,00,000 (Previous Year Nil) Units of Rs.10/- each of UTI Liquid Mutual Fund	1,000.00	-
Nil (Previous Year 15,90,647) Units of Rs.10/- each of Reliance Regular Savings Fund - Debt Plan - Institutional - Growth Plan	-	200.00
	2,200.14	2,550.00
Bonds / Debentures (QUOTED)		
1,000 (Previous Year Nil) Units of Rs 1,00,000/- each of India Infrastructure Finance Co Limited (IIFL)	1,023.10	-
10,00,000 (Previous Year Nil) Non Convertible Debenture of Rs.100/- each of 9.75% Trent Ltd 30/06/2017	1,016.09	-
10,00,000 (Previous Year Nil) Units of Rs.100/- each of 9.98% ICICI Perpetual Bonds	1,050.53	-
200 (Previous Year Nil) Units of Rs.10,00,000/- each of 9.90% Perpetual Bonds of Yes Bank	2,000.00	-
5,00,000 (Previous Year Nil) Non Convertible Debenture of Rs.100/- each of Ballarpur Industries Limited	507.83	-
7,360 (Previous Year Nil) 8.25% Zero Coupon Bonds of Rs. 13,578/- each of Rural Electrification Corporation of India Limited	999.34	-
	6,596.89	-
Less : Provision for fall in value of Investments	126.64	-
	6,470.25	-
Bonds / Debentures (UNQUOTED)		
20 (Previous Year 20) Redeemable Debentures of Rs.10,00,000/- each of Sky Deck Properties & Developers Private Limited	204.52	204.52
25 (Previous Year 25) Redeemable Non-Convertible Debentures of Rs.10,00,000/- each of Barclays Investments & Loans (India) Limited	250.00	250.00
1 (Previous Year Nil) Non-convertible Debenture of Rs 10,00,00,000/- each of Solaris Holdings Limited	1,056.30	-
50 (Previous Year 50) Redeemable Non-convertible Debentures of Rs.1,00,000/- each of India Infoline Investment Services Limited	50.00	50.00
10 (Previous Year 10) Redeemable Non Convertible Debentures of Rs.10,00,000/- each of Barclays Investments & Loans (India) Limited	100.00	100.00
Nil (Previous Year 2) Secured Redeemable Non-Convertible Debentures of Rs.50,00,000/- each of Churu Trading Co Pvt Limited	-	100.00
	1,660.82	704.52

Consolidated Results of Vardhman Textiles Limited

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
Investments under Portfolio Management Services		
Equity Shares (QUOTED)		
Nil (Previous Year 3,010) Equity Shares of Rs.10/- each fully paid up of Reliance Industries Limited	-	30.25
9,140 (Previous Year 9,064) Equity Shares of Rs.10/- each fully paid up of Ess Dee Aluminium Limited	41.15	35.56
16,470 (Previous Year 20,000) Equity Shares of Rs.10/- each fully paid up of Opto Circuits (India) Limited	44.19	25.04
9,320 (Previous Year 2,439) Equity Shares of Rs.5/- each fully paid up of Sun Pharmaceuticals Industries Limited	38.75	29.29
4,881 (Previous Year 288) Equity Shares of Rs.10/- each fully paid up of Housing Development Finance Corporation	32.96	3.97
7,866 (Previous Year 24,694) Equity Shares of Rs.10/- each fully paid up of Rural Electrification Corporation Limited	24.02	49.80
Nil (Previous Year 11,360) Equity Shares of Re.1/- each fully paid up of Adani Enterprises Limited	-	39.91
5,883 (Previous Year 9,820) Equity Shares of Rs.10/- each fully paid up of Shriram Transport Finance Co Limited	42.07	40.98
Nil (Previous Year 5,655) Equity Shares of Rs.2/- each fully paid up of Emami Limited	-	28.66
1,116 (Previous Year 1,993) Equity Shares of Rs.10/- each fully paid up of Bharat Heavy Electricals Limited	26.00	44.91
3,081 (Previous Year 15,316) Equity Shares of Rs.10/- each fully paid up of Torrent Power Limited	8.91	47.38
6,775 (Previous Year 6,361) Equity Shares of Rs.2/- each fully paid up of Divis Laboratories Limited	38.88	28.11
4,481 (Previous Year 4,123) Equity Shares of Rs.10/- each fully paid up of Tulip Telecom Limited	8.05	37.67
Nil (Previous Year 1,607) Equity Shares of Rs.10/- each fully paid up of State Bank of India	-	27.91
Nil (Previous Year 10,392) Equity Shares of Rs.10/- each fully paid up of Bharti Airtel Limited	-	42.37
Nil (Previous Year 2,238) Equity Shares of Rs.10/- each fully paid up of Maruti Udyog Limited	-	31.42
Nil (Previous Year 1,508) Equity Shares of Rs.10/- each fully paid up of Mahindra & Mahindra Limited	-	7.28
Nil (Previous Year 1,892) Equity Shares of Rs.10/- each fully paid up of Bajaj Holdings & Investment Limited	-	9.63
Nil (Previous Year 9,700) Equity Shares of Rs.10/- each fully paid up of Indusind Bank Limited	-	13.27
15,657 (Previous Year 5,698) Equity Shares of Rs.10/- each fully paid up of Yes Bank Limited	50.12	9.33
Nil (Previous Year 1,267) Equity Shares of Rs.10/- each fully paid up of ICICI Bank Limited	-	11.72
Nil (Previous Year 11,180) Equity Shares of Rs.10/- each fully paid up of Prism Cement Limited	-	6.11
Nil (Previous Year 10,468) Equity Shares of Rs.10/- each fully paid up of India Cements Limited	-	13.32
Nil (Previous Year 1,769) Equity Shares of Rs.10/- each fully paid up of Gujarat NRE Coke Limited	-	1.62
Nil (Previous Year 14,612) Equity Shares of Rs.10/- each fully paid up of Moserbaer (India) Limited	-	13.22
Nil (Previous Year 8,367) Equity Shares of Rs.2/- each fully paid up of HCL Infosystems Limited	-	13.62
Nil (Previous Year 5,671) Equity Shares of Rs.2/- each fully paid up of HCL Technologies Limited	-	17.51
Nil (Previous Year 7,126) Equity Shares of Rs.2/- each fully paid up of Patni Computer Systems Limited	-	28.08
Nil (Previous Year 2,224) Equity Shares of Rs.10/- each fully paid up of Mindtree Limited	-	11.86
Nil (Previous Year 26,201) Equity Shares of Rs.5/- each fully paid up of Ansal Properties & Infrastructure Limited	-	20.01
Nil (Previous Year 54,869) Equity Shares of Rs.2/- each fully paid up of Anant Raj Industries Limited	-	77.29
Nil (Previous Year 15,714) Equity Shares of Rs.2/- each fully paid up of IVRCL Infrastructure & Projects Limited	-	29.00
Nil (Previous Year 3,593) Equity Shares of Rs.10/- each fully paid up of Housing Development & Infrastructure Limited	-	12.50
Nil (Previous Year 3,095) Equity Shares of Rs.10/- each fully paid up of Gayatri Projects Limited	-	12.73
Nil (Previous Year 3,499) Equity Shares of Rs.10/- each fully paid up of Simplex Infrastructures Limited	-	15.30
Nil (Previous Year 10,651) Equity Shares of Re.1/- each fully paid up of Voltas Limited	-	15.14
Nil (Previous Year 7,225) Equity Shares of Rs.10/- each fully paid up of Bajaj Electricals Limited	-	11.56
Nil (Previous Year 16,346) Equity Shares of Rs.5/- each fully paid up of Eveready Industries India Limited	-	11.57
10,512 (Previous Year 5,099) Equity Shares of Re.1/- each fully paid up of Zee Entertainment Enterprises Limited	14.95	12.34
Nil (Previous Year 294) Equity Shares of Rs.10/- each fully paid up of Jindal South West Holdings Limited	-	5.43
Nil (Previous Year 994) Equity Shares of Rs.10/- each fully paid up of Glaxo Smithkline Consumer Healthcare Limited	-	12.40
Nil (Previous Year 818) Equity Shares of Rs.2/- each fully paid up of Aban Offshore Limited	-	9.70
Nil (Previous Year 9,685) Equity Shares of Rs.2/- each fully paid up of United Phosphorus Limited	-	15.07
Nil (Previous Year 3,647) Equity Shares of Rs.2/- each fully paid up of Piramal Healthcare Limited	-	12.65
12,940 (Previous Year 3,416) Equity Shares of Rs.10/- each fully paid up of Lupin Limited	52.25	49.73
Nil (Previous Year 6,353) Equity Shares of Rs.10/- each fully paid up of CESC Limited	-	27.22
Nil (Previous Year 26,931) Equity Shares of Rs.2/- each fully paid up of India Bulls Financial Services Limited	-	36.54
Nil (Previous Year 15,919) Equity Shares of Re.1/- each fully paid up of Mercator Lines Limited	-	10.58
Nil (Previous Year 12,213) Equity Shares of Rs.10/- each fully paid up of Jai Balaji Industries Limited	-	32.75
Nil (Previous Year 41,036) Equity Shares of Re.1/- each fully paid up of Shree Renuka Sugars Limited	-	45.31
Nil (Previous Year 7,356) Equity Shares of Rs.10/- each fully paid up of Aditya Birla Nuvo Limited	-	69.49
Nil (Previous Year 3,208) Equity Shares of Rs.10/- each fully paid up of KEC International Limited	-	15.25
Nil (Previous Year 23,966) Equity Shares of Re.1/- each fully paid up of Apollo Tyres Limited	-	11.75
2,958 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Bajaj Auto Limited	45.57	-
2,582 (Previous Year Nil) Equity Shares of Rs.5/- each fully paid up of Havells India Limited	10.10	-
32,867 (Previous Year Nil) Equity Shares of Rs.2/- each fully paid up of Greaves Limited	32.16	-
16,229 (Previous Year Nil) Equity Shares of Re.1/- each fully paid up of Coromandal International	44.89	-
792 (Previous Year Nil) Equity Shares of Rs.2/- each fully paid up of Thermax Limited	5.47	-
2,247 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Axis Bank Limited	29.82	-

Consolidated Results of Vardhman Textiles Limited

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
10,560 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Coal India Limited	33.55	-
1,227 (Previous Year Nil) Equity Shares of Rs.5/- each fully paid up of Infosys Technologies Limited	39.50	-
1,133 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Nestle India Limited	39.99	-
2,732 (Previous Year Nil) Equity Shares of Re.1/- each fully paid up of Mothersons Sumi Systems Limited	5.04	-
596 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Rallis India Limited	7.79	-
19,492 (Previous Year Nil) Equity Shares of Re.1/- each fully paid up of Exide Industries Limited	28.86	-
4,168 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Hindustan Petroleum Corporation Limited	18.78	-
1,643 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Wyeth Limited	13.60	-
4,126 (Previous Year Nil) Equity Shares of Rs.2/- each fully paid up of Cipla Limited	12.98	-
5,495 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Tata Communication Limited	15.25	-
16,083 (Previous Year Nil) Equity Shares of Rs.5/- each fully paid up of Television Eighteen India Limited	12.43	-
12,466 (Previous Year Nil) Equity Shares of Re.1/- each fully paid up of Triveni Engineering & Industries Limited	10.74	-
6,773 (Previous Year Nil) Equity Shares of Re.1/- each fully paid up of Jubilant Life Sciences Limited	17.13	-
3,329 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Indian Oil Corporation Limited	12.01	-
18,708 (Previous Year Nil) Equity Shares of Re.1/- each fully paid up of Sundram Fasteners Limited	9.48	-
7,015 (Previous Year Nil) Equity Shares of Rs.2/- each fully paid up of Jagran Parkashan Limited	6.53	-
56,949 (Previous Year Nil) Equity Shares of Re.1/- each fully paid up of Rico Auto Industries Limited	13.78	-
14,054 (Previous Year Nil) Equity Shares of Re.1/- each fully paid up of Orient paper & Industries Limited	8.07	-
12,337 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Dhampur Sugar Mills Limited	7.99	-
2,424 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Hikal Limited	9.97	-
6,537 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Power Grid Corporation of India Limited	6.29	-
2,375 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of ITD Cementation India Limited	6.05	-
2,440 (Previous Year Nil) Equity Shares of Rs.2/- each fully paid up of IBN 18 Broadcast India Limited	2.20	-
	928.32	1,271.11
Less : Provision for fall in value of Investments	46.19	71.90
	882.13	1,199.21
Bonds / Debentures / Certificate of Deposits (QUOTED)		
Nil (Previous Year 20,000) Units of Rs.100/- each of 8.60% PFC Bonds	-	21.46
70,000 (Previous Year 9,10,000) Units of Rs.100/- each of 10% Punj Lloyd Limited Bonds	77.03	963.27
Nil (Previous Year 3,00,000) Units of Rs.100/- each of 7.60% REC Bonds	-	300.00
Nil (Previous Year 5,00,000) Units of Rs.100/- each of 7.75% REC Bonds	-	500.99
Nil (Previous Year 30,000) Units of Rs.100/- each of 8.32% TNEB Bonds	-	29.66
Nil (Previous Year 1,60,000) Units of Rs.100/- each of 8.64% TNEB Bonds	-	160.00
Nil (Previous Year 2,40,200) Units of Rs.100/- each of 8.52% Karnataka SDL 2020	-	240.50
2,44,000 (Previous Year Nil) Units of Rs.100/- each of 10.75% DPSC Bonds 03/11/2019	246.08	-
6,20,000 (Previous Year Nil) Units of Rs.100/- each of 11.35% Tata Motors Finance Limited Perpetual Bonds	632.15	-
30,000 (Previous Year Nil) Units of Rs.100/- each of 7.45% LIC Housing Bonds 21/07/2012	30.61	-
30,000 (Previous Year Nil) Units of Rs.100/- each of 7.50% WSPF Bonds 09/09/2020	31.15	-
6,10,000 (Previous Year Nil) Units of Rs.100/- each of Aircel CP 30/05/2011	573.62	-
43,24,750 (Previous Year Nil) Units of Rs.100/- each of IFCI Deep Discount Bonds 07/07/2036	387.50	-
7,55,000 (Previous Year Nil) Units of Rs.100/- each of OBC CD 21/12/2011	689.62	-
	2,667.76	2,215.88
Liquid Funds / Debt Funds/ Monthly Income Plans (UNQUOTED)		
269,949 (Previous Year 43,75,169) Units of Rs. 10/- each of Kotak Liquid Institutional Fund - Daily Dividend Re-investment Plan	33.00	535.00
Nil (Previous Year 1,80,377) Units of Rs.10/- each of Principal Cash Management Fund	-	31.97
21,16,290 (Previous Year 57,091) Units of Rs.10/- each of Principal Cash Management Fund	317.14	10.12
Nil (Previous Year 26) Units of Rs.1,000/- each of Benchmark Mutual Fund	-	0.26
	350.14	577.35
Total (B)	22,984.84	8,864.05
Grand Total (A+B)	23,343.07	9,225.62
1. Aggregate value of quoted investments	18,946.73	5,104.08
2. Aggregate value of unquoted investments	4,569.33	4,193.44
3. Market value of quoted investments	19,167.02	5,300.01

Consolidated Results of Vardhman Textiles Limited

		As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SCHEDULE 8 — CURRENT ASSETS, LOANS AND ADVANCES			
(A) CURRENT ASSETS			
1. Inventories			
Raw Materials	120,310.12		80,763.68
Material in Transit	2,225.48		4,638.61
Work-in-Process	14,480.24		10,402.67
Finished Goods	48,533.85		26,682.38
Stores and Spares	7,894.65		7,296.82
	<u>193,444.34</u>		<u>129,784.16</u>
Less: Unrealised profit on Consolidation	155.83	<u>193,288.51</u>	84.78
TOTAL (A)		<u>193,288.51</u>	<u>129,699.38</u>
2. Sundry Debtors (Unsecured)			
a) Debts outstanding for a period exceeding six months			
(i) Considered Good	1,222.03		1,454.19
(ii) Considered Doubtful	439.79		213.45
b) Other Debts: Considered Good	65,480.63		46,130.61
Less : Provision for doubtful debts	439.79	<u>66,702.66</u>	213.45
TOTAL (B)		<u>66,702.66</u>	<u>47,584.80</u>
3. Cash and Bank Balances			
(a) Cash Balances			
Cash in hand	236.33		236.23
Cheques in hand	116.09		902.65
Remittance in transit	-	352.42	2.48
(b) Bank Balances			1,141.36
With Scheduled Banks:			
(i) Current Accounts	4,120.56		3,534.19
(ii) Saving Bank Accounts	4.48		4.76
(iii) Fixed Deposit Accounts [Including Rs. 17.61 lac (Previous Year Rs. 5.15 lac) pledged with Government Authorities]	<u>2,588.73</u>	<u>6,713.77</u>	<u>21,557.56</u>
TOTAL (C)		<u>7,066.19</u>	<u>26,237.87</u>
4. Interest Accrued on Investment		<u>0.63</u>	<u>0.63</u>
TOTAL (D)		<u>0.63</u>	<u>0.63</u>
(B) LOANS AND ADVANCES (Unsecured considered good unless otherwise stated)			
(a) Advances recoverable in cash or in kind or for value to be received			
(i) Considered Good	38,712.74		20,305.49
(ii) Considered Doubtful	23.19		18.13
Less : Provision for doubtful debts	23.19	<u>38,712.74</u>	18.13
(b) Amount recoverable from Mahavir Share Trust in respect of Shares held in Trust		<u>1,786.95</u>	1,787.40
(c) Balances with Government Authorities		<u>9,491.86</u>	11,260.69
(d) MAT Credit entitlement		<u>600.94</u>	1,473.20
TOTAL (E)		<u>50,592.49</u>	<u>34,826.78</u>
TOTAL (A+B+C+D+E)		<u>317,650.48</u>	<u>238,349.46</u>

Consolidated Results of Vardhman Textiles Limited

	As at 31.03.2011 (Rs. in Lac)	As at 31.03.2010 (Rs. in Lac)
SCHEDULE 9 — CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES		
Sundry Creditors		
- Total outstanding dues to Micro, Small and Medium Enterprises	-	-
- Total outstanding dues to Enterprises other than Micro, Small and Medium Enterprises	12,279.78	8,671.36
Trade Deposits & Advances	3,127.67	1,437.54
Unclaimed Dividends	122.58	114.12
Other Liabilities	15,847.64	19,636.85
Interest accrued but not due	294.67	176.87
TOTAL (A)	31,672.34	30,036.74
(B) PROVISIONS:		
Provision for Taxation (Current Tax)	59,559.35	41,968.74
Provision for Taxation (Fringe Benefit Tax)	148.40	490.90
Less: Prepaid Taxes	62,006.20	(2,298.45)
Proposed Dividend	3,573.04	43,145.06
Corporate Dividend tax thereon	717.67	2,304.42
Provision for compensated absences	552.32	511.83
Provision for gratuity (net)	726.91	2,816.25
TOTAL (B)	3,271.49	2,903.15
TOTAL (A+B)	34,943.83	32,939.89

NOTE : Unclaimed Dividends do not include any amount due and outstanding required to be credited to Investor Education and Protection Fund.

SCHEDULE 10 — OTHER INCOME

	Current Year (Rs. in Lac)	Current Year (Rs. in Lac)
Claims received	164.98	221.57
Provisions no longer required written back	114.32	239.41
Dividend Income from Long Term Investments		
- Other than trade	53.04	31.99
Dividend Income from Current investments		
- Other than trade	481.97	66.13
Profit on sale of Investments		
a) Long Term Investment	3.12	0.06
b) Current Investments	1,148.89	689.44
Profit on sale of fixed assets	183.37	37.03
Provision for fall in value of Investments written back	8.99	163.89
Provision for Doubtful Debts written back	11.76	29.18
Exchange rate fluctuation	654.78	1,830.30
Unrealised Loss on Consolidation of Stocks	-	376.17
Miscellaneous	843.06	1,121.16
	3,668.28	4,806.33

SCHEDULE 11 — RAW MATERIAL CONSUMED AND PURCHASE OF FINISHED GOODS

Opening Stock	80,763.68	36,354.94
Add : Purchases (including Rs. 7.32 crores for cost of material destroyed in fire)	253,352.01	196,243.13
	334,115.69	232,598.07
Less: Insurance Claim Received on Raw Material destroyed in fire	732.55	-
Less: Closing Stock	120,310.12	80,763.68
Raw Material Consumed	213,073.02	151,834.39
Add: Purchase of Finished Goods	9,095.99	4,907.10
	222,169.01	156,741.49

Consolidated Results of Vardhman Textiles Limited

	Current Year (Rs. in Lac)	Previous Year (Rs. in Lac)
SCHEDULE 12 — MANUFACTURING EXPENSES		
Power and Fuel	45,703.16	41,261.14
Packing Material and Charges	7,244.52	6,166.08
Stores & Spares Consumed	5,813.92	4,285.13
Dyes & Chemical Consumed	12,111.65	10,259.18
Repairs to Plant and Machinery	10,429.47	9,036.59
Processing Charges	2,035.97	1,226.81
Technical know-how	99.74	93.77
Miscellaneous	1,740.38	1,384.64
	<u>85,178.81</u>	<u>73,713.34</u>
SCHEDULE 13 — PERSONNEL EXPENSES		
Salaries, Wages and Bonus	22,179.04	18,792.89
Contribution to Provident and other Funds	3,031.52	2,274.19
Workmen and Staff Welfare	478.47	319.63
Miscellaneous	155.48	105.77
	<u>25,844.51</u>	<u>21,492.48</u>
SCHEDULE 14 — ADMINISTRATIVE AND OTHER EXPENSES		
Rent	256.98	217.23
Fees, Rates and Taxes	356.41	294.99
Building Repairs and Maintenance	1,185.86	983.06
General Repairs and Maintenance	563.99	406.63
Insurance	474.52	358.21
Legal and Professional	613.10	419.49
Travelling and Conveyance	620.65	539.96
Printing and Stationery	308.04	277.80
Postage and Telegrams	92.86	73.75
Telephone and Telex	322.53	308.94
Vehicle Maintenance	809.32	578.72
Auditors Remuneration:		
Audit Fee	40.94	36.91
Tax Audit Fee	6.56	6.25
Reimbursement of Expenses	7.07	6.83
In other capacity (certification)	10.48	10.87
Cost Audit Fee	4.71	3.95
Managerial Remuneration	1,518.54	773.66
Directors' Travelling	79.77	59.36
Bad debts written off	326.40	134.16
Provision for Doubtful Debts & Advances	266.75	105.31
Provision for fall in value of Investments	110.08	55.17
Loss on sale of Current Investments	227.60	58.07
Loss on sale and Discarded fixed assets	81.16	301.38
Charity and Donation	418.52	112.85
Electricity & Water	130.05	153.24
Unrealised Profit on Consolidation	71.05	-
Miscellaneous	572.81	709.60
	<u>9,476.75</u>	<u>6,986.39</u>

Consolidated Results of Vardhman Textiles Limited

	Current Year (Rs. in Lac)	Previous Year (Rs. in Lac)
SCHEDULE 15 — INTEREST AND FINANCIAL CHARGES		
Interest:		
On Fixed Deposits	2.65	5.05
On Term Loans	10,673.49	10,061.57
On Working Capital	2,327.47	1,564.62
Less : Interest Received		
- on FDRs/Others (Gross) [TDS Rs. 33.63 lac (Previous Year Rs. 334.90 lac)]	2,321.22	3,241.94
- from Customers, Suppliers & others (Gross) [TDS Rs 24.18 lac (Previous Year Rs. 20.39 lac)]	563.47	475.42
Bank & other charges	(557.22)	(2,152.74)
	654.13	603.04
	10,773.05	8,516.92

SCHEDULE 16 — SELLING & DISTRIBUTION EXPENSES

Forwarding Charges and Octroi	7,822.62	6,021.71
Commission to Selling Agents	3,461.20	2,353.39
Rebate and Discount	3,435.84	2,380.74
Advertisement	203.29	164.26
Sales promotion	318.31	316.30
Miscellaneous	720.81	624.42
	15,962.07	11,860.82

SCHEDULE 17 — (INCREASE)/DECREASE IN WORK-IN-PROCESS AND FINISHED STOCK

Opening Stock:		
Work-in-Process	10,402.67	8,876.63
Finished Goods	26,682.38	22,049.63
Add : Stock transferred from Trial Run	63.66	-
Less : Insurance Claim Received on WIP destroyed in fire	34.52	-
Less : Cost of free box scheme	75.80	30.57
Less : Closing Stock:		
Work-in-Process	14,480.24	10,402.67
Finished Goods	48,533.85	26,682.38
	(25,975.70)	(6,189.36)

Consolidated Results of Vardhman Textiles Limited

SCHEDULE 18 — SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation of financial statements :

The accounts are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards referred to in section 211 (3C) of the Companies Act, 1956 and other relevant provisions of the said Act.

(b) Use of Estimates:

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

(c) Revenue Recognition:

(i) Sales

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

- (i) When all the significant risks and rewards of ownership are transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership and
- (ii) no significant uncertainty exists regarding the amount of the amount of the consideration that will be derived from the sale of goods.
- (iii) Revenue in respect of the export incentives is recognized on post export basis.

(ii) Interest

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

(iii) Dividend

Dividend is recognized as income when the right to receive the payment is established.

(iv) Insurance and Other Claims

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

(d) Employees Benefits:

(a) Short Term Employee Benefits :

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the Profit and Loss account of the year in which the related service is rendered.

(b) Post Employment Benefits :

i) Defined Contribution Plans:

(1.1) Superannuation :

The liability in respect of 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 profit and loss account.

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.

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

(e) Fixed Assets:

- i. Fixed Assets are stated at historical cost less accumulated depreciation.
- ii. Cost of fixed assets comprises its purchase price and any attributable expenditure (both direct & indirect) for bringing the assets to its working conditions for its intended use.

(f) Intangible assets:

Intangible assets are stated at cost less accumulated amount of amortization.

(g) Depreciation:

- i) Depreciation on all assets except computers is provided on straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act,1956. In case of computers, depreciation is charged on a systematic basis to each accounting period during the estimated useful life thereof.
- ii) Depreciation on assets costing Rs. 5,000/- or below is charged @ 100% per annum on proportionate basis.

Consolidated Results of Vardhman Textiles Limited

(h) Amortization:

- i. Intangible assets are amortized on straight line method. These assets are amortized over their estimated useful life.
- ii. Expenditure on Power Lines is amortised on straight line method over their estimated useful life.

(i) Investments:

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

(j) Inventories:

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

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

(k) Cenvat Credit:

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

(l) Subsidy:

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

(m) Borrowing Costs:

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

(n) Operating Leases:

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

(o) Foreign Currency Conversion:

- (i) Foreign currency transactions are recorded on initial recognition at the rate prevailing on the date of the transaction where export bills are negotiated with the bank, the export sales are recorded at the rate on the date of negotiation as the said rate approximates the actual rate at the date of the transaction.
- (ii) Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognised as income or expense in the period in which they arise.
- (iii) The premium or discount arising at the inception of forward exchange contracts is amortised as an expenses or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the reporting period in which the exchange rate changes. Profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense in period in which such profit or loss arises.
- (iv) The exchange difference to the extent of loss, arising on forward contracts to hedge the transactions in the nature of firm commitments and/or highly probable forecast transactions is recognised in the Profit and Loss Account. The profit, if any arising thereon is ignored.

(p) Accounting for Taxes on Income:

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

(q) Earning per Share:

- i) 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.
- ii) Diluted earning per share is computed by taking into account 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.

(r) Impairment of Assets:

At each balance sheet, 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.

(s) Provisions and Contingent Liabilities:

- i) Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when:

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- a) the company has a present obligation as a result of a past event;
 - b) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
 - c) the amount of the obligation can be reliably estimated
- ii) Contingent liability is disclosed in case there is :
- a) possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
 - b) a present obligation arising from past events but is not recognised
 - (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.

2. NOTES ON ACCOUNTS

(A) SUBSIDIARIES:

1. The Consolidated Financial Statements present the consolidated accounts of Vardhman Textiles Limited :

Name of Subsidiary:	Extent of Parent Company's Shareholding
a) VMT Spinning Co. Ltd.	73.33 %
b) VTL Investments Ltd.	100.00 %
c) Vardhman Yarns & Threads Ltd.	51.00 %
d) Vardhman Acrylics Ltd.	58.74 %
e) Vardhman Nisshinbo Garments Company Ltd. (formerly known as Vardhman Texgarments Ltd.)	51.00 %
f) Vardhman Special Steels Limited	100.00 %

2. Principles of consolidation:

- i) The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries. Minority interest in the net assets of the subsidiary companies has been disclosed separately.
- ii) Difference between the cost of investment and the parent's portion of equity in the subsidiary companies as on the date of the holding-subsidiary relationship coming into existence and at anytime thereafter is recognised as capital reserve/goodwill as the case may be.
- iii) Investments made by the parent company in the subsidiary companies subsequent to the holding - subsidiary relationship coming into existence are eliminated while preparing the consolidated financial statements.
- iv) Intra group balances and intra group transactions are eliminated to the extent of share of the parent company in full.
- v) Unrealised profits on account of intra group transactions have been accounted for depending upon whether the transaction is an upstream transaction or a downstream transaction.

3. Consolidated financial statements have been prepared after making the following adjustments:

- a) The dividend received by the holding company amounting to Rs. 743.25 lac (Previous Year Rs. 1,148.25 lac) from its subsidiary companies included in the schedule of 'Other Income' in its individual balance sheet has been eliminated on consolidation.
- b) The dividend received by the subsidiary company amounting to Rs. 34.02 lac (Previous Year Rs. 22.68 lac) from its holding company included in the schedule of 'Other Income' in its individual balance sheet has been eliminated on consolidation.
- c) The Parent's portion of the proposed dividend amounting to Rs. 850.82 lac (Previous Year Rs. 743.25 lac) has been reduced from the aggregate of the proposed dividend as reflected in the financial statements of the subsidiary companies, as a result of which the profit carried to the consolidated balance sheet stands increased to that extent.
- d) The subsidiary's portion of the proposed dividend amounting to Rs. 51.03 lac (Previous Year Rs. 34.02 lac) has been reduced from the aggregate of the proposed dividend as reflected in the financial statements of the holding company, as a result of which the profit carried to the consolidated balance sheet stands increased to that extent.
- e) The unrealised profit on intra group transactions amounting to Rs. 155.82 lac (Previous Year Rs. 84.77 lac) has been reduced from the share of profits of the Parents Company in the Consolidated Profit & Loss Account.
- f) Unrealised profit for the previous year amounting to Rs. 84.77 lac (Previous Year Rs. 460.95 lac) has been reversed during the year and has been reduced from the figure of unrealised profit amounting to Rs. 155.82 lac (Previous Year Rs. 84.77 lac) made during the year.

(B) ASSOCIATES:

- (i) Investment in associates has been accounted for as per the Equity Method of accounting as prescribed by Accounting Standard (AS) - 23 on "Accounting for Investments in Associates" as issued by Companies (Accounting Standards) Rules, 2006 in the Consolidated Financial Statements.
 - a) Goodwill amounting to Rs. 0.70 lac arising on the investment made by the company in the equity of its associate i.e.Vardhman Textile Components Ltd. 'has been reduced from the carrying amount of investment in Consolidated Financial statements. The carrying amount of investment has also been adjusted thereafter to account for the share in the net assets of the associate after the date of acquisition of such shares.

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(ii) The details of investment in associates made by Vardhman Textiles Limited are given below:-

Associate Company	Ownership Interest & Voting Power	Original cost of Investment	Amount of Capital Reserve included in original cost	Amount of Goodwill included in original cost	(Rs in lac)	
					Accumulated profit at the year end	Carrying amount at Investment at the year end
Vardhamn Textile Components Ltd	21.43%	30.00	-	0.70	48.72	78.02
Vardhman Spinning & General Mills Limited	50.00%	2.50	0.42	-	4.52	7.44

(iii) Company's share of contingencies and capital commitment in its associate for which the Company is also contingently liable is Rs. Nil (Previous Year Rs. Nil).

(C) OTHERS:

	As At	As At
	31.3.2011	31.3.2010
	(Rs. In Lac)	(Rs. In Lac)
1. There are contingent liabilities in respect of the following items :		
No outflow is expected in view of the past history relating to these items :-		
a) Claims not acknowledged as debts	1,653.47	996.98
b) Guarantee given by the Company on behalf of another company, to the extent utilized.	232.90	232.90
c) Bank Guarantees and Letters of Credit outstanding	21,212.41	5,269.26
d) Bills discounted with banks	8,235.34	218.31
2. Estimated amount of contracts remaining to be executed on Capital Account (Net of advances)	45,675.14	2,030.84

3. Pursuant to a Scheme of Arrangement and Demerger (herein after referred to as the Scheme), the steel business undertaking of the Company together with all its assets and liabilities as specified in the Scheme stands vested with Vardhman Special Steels Ltd (VSSL) w.e.f. 1st January, 2011 as a going concern. VSSL was incorporated as a wholly owned subsidiary of the company. Upon coming into effect of the Scheme and in consideration for the vesting of steel business, VSSL is required to issue and allot to the shareholders of the Company whose names are registered in the register of members on the Record Date 1 (One) fully paid up equity share of Rs 10/- each for 5 (Five) fully paid up equity shares of Rs. 10/- each in the Company. The Scheme was approved by the Hon'ble High Court of Punjab & Haryana on 12th January, 2011 and became effective from 15th March, 2011, being the date of filing of certified copy of order of Hon'ble High Court with Registrar of companies, Chandigarh on 15th March, 2011 in accordance with the provisions of the section 391(3) of the Companies Act, 1956. VSSL has issued shares as specified herein above on 8th Apr, 2011. VSSL continued to be wholly owned subsidiary of the company as at 31st March, 2011 in view of the entire share capital held by the company as on 31st March, 2011.

Separate financial statements of Vardhman Special Steels Limited incorporating the steel business for the period 1st Jan, 2011 to 31st March, 2011 have been consolidated with the financial statements of the Company to comply with the requirements of Accounting Standard (AS)-21 Consolidated Financial Statements. The consolidated financial results of the company should be read after taking into consideration the aforesaid fact. As stated hereinabove, the consolidation had to be effected to comply with the requirements of AS-21 since it was felt that the paragraph 11 dealing with the exclusion of a subsidiary for consolidation does not cover this peculiar circumstance.

4. Segment Reporting:

Segment Information as required by Accounting Standard (AS)-17 on Segment Reporting issued by Companies (Accounting Standards) Rules, 2006 and as compiled on the basis of the consolidated financial statements is disclosed below :-

The company has identified six segments as reportable segments viz. yarn, sewing thread, steel, fibre, garments and fabric. The yarn segment comprises production of various types of yarns (from cotton, manmade fibers and blends thereof) and yarn processing activities.

a) Primary Segment Information:

	Yarn		Fabric		S.Thread		Steel		Fibre		Garments		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE																
External sales	227,892.92	169,451.04	109,349.47	81,087.17	43,999.82	38,531.74	39,379.01	25,461.45	20,278.24	18,524.99	1.06	-	945.31	2,010.85	441,845.83	335,067.24
Inter-segment sales	72,134.04	49,164.15	84.68	26.48	377.81	20.48	-	-	19,560.94	8,513.20	-	-	12,577.14	10,277.13	104,734.61	68,001.44
Other income	1,703.91	1,897.91	69.95	912.30	66.60	118.94	18.96	46.61	(2.38)	64.52	(13.16)	-	87.28	107.50	1,931.16	3,147.78
Total revenue	301,730.87	220,513.10	109,504.10	82,025.95	44,444.23	38,671.16	39,397.97	25,508.06	39,836.80	27,102.71	(12.10)	-	13,609.73	12,395.48	548,511.60	406,216.46
RESULT																
Segment results	59,919.02	29,164.97	10,257.65	6,593.10	7,442.05	6,175.67	4,740.30	3,241.00	5,058.42	5,402.34	(216.66)	-	1,645.49	41.62	88,846.27	50,618.70
Unallocated Corporate Expenses (Net)															2,536.90	969.32
Operating profit															86,309.37	49,649.38
Interest expense															10,773.05	8,516.92
Income tax - Current															18,806.31	8,924.16
- Mat Credit entitlement															(260.25)	(101.62)
- Deferred															238.27	2,072.05
Profit from ordinary activities															56,751.99	30,237.87
Extraordinary loss / (income)															-	-
Net profit															56,751.99	30,237.87
OTHER INFORMATION																
Segment assets	353,389.98	271,217.53	101,986.31	90,372.44	45,507.64	42,296.25	25,700.83	16,947.07	22,333.37	18,574.28	2,605.72	-	22,081.62	19,987.38	573,605.47	459,394.95
Unallocated Corporate Assets															36,726.59	48,331.28
Total assets	353,389.98	271,217.53	101,986.31	90,372.44	45,507.64	42,296.25	25,700.83	16,947.07	22,333.37	18,574.28	2,605.72	-	22,081.62	19,987.38	610,332.06	507,726.23
Segment Liabilities	12,908.73	9,287.52	7,641.17	4,098.42	4,751.96	3,783.59	2,942.75	1,447.82	1,526.83	2,701.30	241.08	-	336.66	732.45	30,349.18	22,051.10
Unallocated Corporate Liabilities															322,143.30	296,073.27
Total liabilities	12,908.73	9,287.52	7,641.17	4,098.42	4,751.96	3,783.59	2,942.75	1,447.82	1,526.83	2,701.30	241.08	-	336.66	732.45	352,492.48	318,124.37
Capital expenditure	13,194.52	20,446.69	5,625.54	1,791.94	1,481.60	1,970.94	411.42	157.16	147.34	214.32	2,396.71	-	26.79	643.20	23,283.92	25,224.25
Depreciation & Amortisation	16,113.66	15,373.59	5,638.95	5,751.65	2,096.63	1,955.20	383.59	375.23	1,116.89	1,124.28	23.76	-	950.65	952.07	26,324.13	25,532.02
Non-cash expenses other than depreciation & amortisation							3.74								3.74	

Consolidated Results of Vardhman Textiles Limited

b) Secondary Segment Information :

	2010-11	(Rs. In lac) 2009-10
Segment Revenue – External Turnover		
- within India	3,11,471.48	2,58,851.87
- outside India	1,30,374.35	76,215.37
Total Revenue	4,41,845.83	3,35,067.24

Segment Revenue & Expenses:

Segment revenue comprises sales to external customers and inter segment sales. Segment expenses comprises expenses that are directly attributable to the segment and expenses relating to transactions with other segments of the enterprise.

Segment Assets & Liabilities

Segment assets include all operating assets used by a segment and consist of cash and bank balances, debtors, inventories and fixed assets. Segment liabilities include all operating liabilities and consist of creditors and other liabilities. Segment assets and liabilities do not include current and deferred taxes.

Inter Segment Transfers:

Inter segment transfers are accounted for at prevailing market prices. These transfers are eliminated in consolidation.

5. RELATED PARTY DISCLOSURE

(a) Disclosure of Related Parties and relationship between the parties.

1. Subsidiaries	VMT Spinning Co. Limited Vardhman Acrylics Limited VTL Investments Limited Vardhman Yarns & Threads Limited Vardhman Nisshinbo Garments Company Limited (formerly known as Vardhman Texgarments Ltd) Vardhman Special Steels Limited
2. Associates	Vardhman Textile Components Ltd Vardhman Spinning & General Mills Limited (Formerly known as Vardhman Linen Limited) Marubeni Corporation, Marubeni Textiles Asia Limited, Toho Tenax Company Limited
3. Key Management Personnel	Mr. S.P.Oswal Mr. D.L.Sharma Mr. B.K.Choudhary Mr. Sachit Jain Mrs. Suchita Jain Mr. Neeraj Jain
4. Enterprises over which Key Management Personnel and relative of such personnel is able to exercise significant influence	Vardhman Holdings Limited Vardhman Apprales Ltd Banarso Devi Oswal Public Charitable Trust Sri Aurobindo Socio Economic and Management Research Institute *Adinath Investment & Trading Co. *Devakar Investment & Trading Co. (P) Limited *Srestha Holding Limited *Santon Finance & Investment Co. Limited *Flamingo Finance & Investment Co. Limited *Ramaniya Finance & Investment Co. Limited *Marshall Investment & Trading Co. (P) Limited *Pradeep Mercentile (P) Limited *Plaza Trading Co. (P) Limited *Mahavir Spinning Mills (P) Limited (Formerly known as Vardhman Textile Processors (P) Limited) *Anklesh Investments (P) Limited *Syracuse Investment & Trading Co. (P) Limited **Northern Trading Co.

Note: * Only Loan Transactions have taken place with these Companies.

** No transaction has taken place during the year.

Consolidated Results of Vardhman Textiles Limited

(b) Description of the nature of transactions with the related parties:

(Rs. in Lac)

Particulars	Associates		Key Management Personnel (KMP)		Relatives of KMP		Enterprises over which KMP is able to exercise significant influence		TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase / processing of goods	3,486.43	12,805.03	-	-	-	-	-	-	3,486.43	12,805.03
Sale/processing of goods	-	24.81	-	-	-	-	-	-	24.81	24.81
Sale of Investments	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	427.00	-	-	-	427.00	-
Donation	-	-	-	-	-	-	300.00	75.00	300.00	75.00
Rent Paid	-	-	-	-	-	-	6.79	6.79	6.79	6.79
Payment against licence agreement	-	-	-	-	-	-	82.50	75.00	60.00	75.00
Interest paid	17.57	29.33	-	-	-	-	151.44	76.74	169.01	106.07
Commission paid	-	1.32	-	-	-	-	-	-	-	1.32
Managerial remuneration	-	-	1,518.54	773.66	-	-	-	-	1,518.54	773.66
Loan Given(Including Opening Balance)	-	-	7.86	9.43	-	-	-	-	7.86	9.43
Loan Repayment	-	-	1.57	1.57	-	-	-	-	1.57	1.57
Closing Balance	-	-	6.29	7.86	-	-	-	-	6.29	7.86
Loan Taken	-	-	-	-	-	-	5,372.75	2,612.00	5,372.75	2,612.00
Loan Repayment	-	-	-	-	-	-	3,429.20	1,992.25	3,429.20	1,992.25
Closing Balance	-	-	-	-	-	-	1,943.55	619.75	1,943.55	619.75

6. EARNING PER SHARE

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

(i) A statement on calculation of basic EPS is as under:

Particulars	Current Year	(Rs in Lac) Previous Year
Net Profit after tax & minority interest attributable to equity shareholders	52,525.98	26,147.29
Total (A)	52,525.98	26,147.29
Weighted average number of equity shares (No in lac)	590.37	566.35
Total (B)	590.37	566.35
Basic earning per equity Share (Rs.)	88.97	46.17
Face value per equity share (Rs.)	10.00	10.00

(ii) A statement on calculation of diluted EPS is as under:

Particulars	Current Year	(Rs in Lac) Previous Year
Net Profit after tax & minority interest attributable to equity shareholders		26,147.29
Add : Increased earnings on account of interest savings on dilutive potential equity shares (net of taxes)		30.39
Total (A)		26,177.68
Weighted average number of equity shares (No in lac)		566.35
Weighted average number of equity shares which would be issued on conversion of dilutive potential equity shares (No in lac)*		94.86
Total (B)		661.21
Earning per equity share : diluted (A/B) Rs.		39.59
Face value per equity share (Rs.)		10.00

(b) *In the previous year the diluted earning per share had been disclosed in accordance with the requirement of the Accounting Standard (AS)-20 on "Earning per share" issued by Companies (Accounting Standards) Rules, 2006. There had been no default on any account during the previous year which would require the conversion of debt/loans into equity. This requirement of conversion of debts/loans into equity is not applicable to the debt/loans existing as at the balance sheet date.

7. Deferred Tax Liability (Net) as on 31st March, 2011 is as follows:

Particulars	Current Year	(Rs in lac) Previous Year
Timing Difference on account of Depreciation /Amortisation	23,726.93	23,581.24
Less : Deferred Tax Asset arising on account of timing difference		
Due to disallowances u/s 43-B of the Income Tax Act, 1961.	433.12	640.98
Due to provision for doubtful debts	121.61	73.02
Due to brought forward losses and unabsorbed depreciation	66.70	-
Total	23,105.50	22,867.24

Consolidated Results of Vardhman Textiles Limited

8. *The Company also hedges its foreign currency fluctuation exposure by way of foreign currency derivative options. The Company has taken various USD/INR options from banks. As at March 31, 2011, there are 15 options (Previous Year 7) against exports and 5 options (Previous Year Nil) against Imports having a maturity period up to Jan 2016 (Previous Year June 2013). These derivative options are proprietary products of banks which do not have a ready market and are not tradeable in the open market. These options are marked to a model, which is bank specific instead of being marked to market. In view of the significant uncertainty associated with the above derivative options, the ultimate outcome of which depends on future events which are not under the direct control of the company, the resultant gain/loss if any, on such open derivative options cannot be determined at this stage and has accordingly not been accounted for in the books of account.*

9. The detail of Goodwill as on 31.03.2011

	(Rs. In Lac)	
	Current Year	
	Previous Year	
Goodwill as per last account	506.03	506.03
Less : adjusted against Capital Reserve on acquisition of shares	212.88	212.88
	<u>293.15</u>	<u>293.15</u>

10. Previous year's figures have been recast/regrouped wherever necessary.

11. Figures in brackets indicate deduction.

12. Figures pertaining to the subsidiary companies have been regrouped/recast wherever necessary to bring them in line with the parent Company's financial statements.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

Name of Subsidiary Company	Financial Year ending of the Subsidiary	Number of Shares held & Face Value	Extent of Holding	For Financial Year of the Subsidiary		For the Previous Financial Years since it became a Subsidiary	
				Profit/(Losses) so far it concerns the members of the Holding Company and not dealt with the books of accounts of the Holding Company (Except to the extent dealt within Col.6)	Profit/(Losses) so far it concerns the members of the Holding Company and dealt within the books of accounts of the Holding Company.	Profit/(Losses) so far it concerns the members of the Holding Company and not dealt within the books of accounts of the Holding Company (Except to the extent dealt within Col. 8)	Profit/(Losses) so far it concerns the members of the Holding Company and dealt within the books of accounts of the Holding Company.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VMT Spinning Company Limited	31.03.2011	1,51,80,060 of Rs. 10/- each	73.33%	(Rs. in lac) 1,075.38	(Rs. in lac) Nil	(Rs. in lac) 3,647.71	(Rs. in lac) 1,645.58
VTL Investments Limited	31.03.2011	40,00,000 of Rs. 10/- each	100.00%	105.92	Nil	2,339.00	800.00
Vardhman Yams & Threads Limited	31.03.2011	2,90,72,240 of Rs. 10/- each	51.00%	2,515.00	Nil	3,972.33	1,026.27
Vardhman Acrylics Limited	31.03.2011	6,37,53,661 of Rs. 10/- each	58.74%	2,211.07	Nil	2,880.82	Nil
Vardhman Nishinbo Garments Company Limited	31.03.2011	71,40,000 of Rs. 10/- each	51.00 %	(101.88)	Nil	2.88	Nil
Vardhman Special Steels Limited	31.03.2011	58,25,000 of Rs. 10/- each	100.00%	696.26	Nil	Nil	Nil

Note : There is no material change between the end of the financial year of the Subsidiaries and that of the Company.

For and on behalf of the Board

**PLACE : NEW DELHI
DATED : 9th May, 2011**

**VIPIN GUPTA
Company Secretary**

**RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)**

**SACHIT JAIN
Executive Director**

**S.P. OSWAL
Chairman &
Managing Director**

Consolidated Results of Vardhman Textiles Limited

STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

(Rs. in lac)

Particular	VMT Spinning Company Limited		VTL Investments Limited (Formerly Known as Vardhman Threads Ltd.)		Vardhman Yarns & Threads Limited		Vardhman Acrylics Limited		Vardhman Special Steels Limited		Vardhman Nisshinbo Garments Company Limited	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
(a) Capital	2,070.02	2,070.02	400.00	400.00	5,700.64	5,700.64	10,853.25	10,853.25	582.50	582.50	1,400.00	1,400.00
(b) Reserves	6,014.66	4,974.38	2,444.91	2,339.00	30,261.27	26,853.75	11,779.10	8,014.95	14,586.88	(194.11)	(194.11)	5.65
(c) Total Assets	14,330.14	12,034.21	2,844.91	2,739.00	43,418.33	39,994.29	25,127.57	21,671.79	22,860.64	2,550.00	2,550.00	1,405.65
(d) Total Liabilities	14,330.14	12,034.21	2,844.91	2,739.00	43,418.33	39,994.29	25,127.57	21,671.79	22,860.64	2,550.00	2,550.00	1,405.65
(e) Details of investment (Except in case of Investment in the subsidiaries)	-	-	1,892.43	1,640.41	1,584.71	84.71	4,743.49	1,014.75	2,000.00	-	-	-
(f) Turnover(Net)	12,834.54	10,164.68	-	-	42,610.45	37,715.10	39,879.64	27,048.19	11,309.29	0.86	0.86	.02
(g) Profit before Taxation	1,505.12	1,217.06	119.92	212.95	7,356.64	6,058.10	5,629.32	5,706.99	1,072.65	(199.61)	(199.61)	24.39
(h) Provision for Taxation	38.63	203.83	14.00	58.00	2,425.26	1,925.03	1,865.16	1,362.89	376.39	0.15	0.15	18.74
(i) Profit after Taxation	1,466.49	1,013.23	105.92	154.95	4,931.37	4,133.07	3,764.16	4,344.10	696.26	(199.76)	(199.76)	5.65
(j) Proposed dividend (including tax thereon)	288.70	289.66	-	-	1,523.85	1,282.95	-	-	-	-	-	-

Note: In terms of the provision of Section 212(8) of the Companies Act, 1956 read with General Circular No. 51/12/2007-CL-III, the Company has been granted a general exemption from attaching to the Balance Sheet of the Company, the Accounts and other documents of its Subsidiary Companies. However, the Consolidated Financial Statements of the Company, which include the results of aforesaid subsidiaries, are included in this Annual Report. Further, a statement containing the particulars prescribed under the terms of the said exemption for the Company's aforesaid Subsidiaries is also given above. The hard copies of the related detailed information can be sought by any investor of the Company or its Subsidiary on making a written request to the Company in this regard. The Annual Accounts of the aforesaid Subsidiary Companies are also available for inspection by any investor at the Registered Office of the Company and/ or its Subsidiaries.

For and on behalf of the Board

PLACE : NEW DELHI
DATED : 9th May, 2011

VIPIN GUPTA
Company Secretary

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman &
Managing Director

VARDHMAN TEXTILES LIMITED

REGD. OFFICE: CHANDIGARH ROAD, LUDHIANA - 141 010



PROXY FORM

I/We.....
of.....
in the Districtbeing a Member/Members
of Vardhman Textiles Limited hereby appoint.....
of.....in the
Districtfailing him/her
.....of.....
.....in the District
as my/our proxy to vote for me/us on my/our behalf at the 38th Annual General Meeting of the Company to be held at Registered Office of the
Company situated at Chandigarh Road, Ludhiana, at 10.00 a.m., on Saturday, the 23rd day of July, 2011 and at any adjournment thereof.
Signed this.....day of.....2011.

Affix
Revenue
Stamp here

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

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

(TEAR HERE)

VARDHMAN TEXTILES LIMITED

REGD. OFFICE: CHANDIGARH ROAD, LUDHIANA - 141 010



SUGGESTIONS

In case you have any suggestion for the betterment of your Company, please do write to us.

Suggestion.....
.....
.....
Name.....Folio No./Client-Id.....
Address.....
.....Pin Code

(TEAR HERE)

VARDHMAN TEXTILES LIMITED

REGD. OFFICE: CHANDIGARH ROAD, LUDHIANA - 141 010



ATTENDANCE SLIP

I hereby record my presence at the 38th Annual General Meeting of the above named Company being held at Registered Office of the Company situated at Chandigarh Road, Ludhiana, at 10.00 a.m., on Saturday, the 23rd day of July, 2011.

.....
Full Name of the Member
(IN BLOCK LETTERS)
Folio No./ Client-Id
.....
Full Name of the Proxy
(IN BLOCK LETTERS)

.....
Signature
No. of Shares held.....
.....
Signature

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

(TEAR HERE)

Financial Highlights of Five Years

	(Rs. in Crore)				
Parameters	2010-11	2009-10	2008-09	2007-08	2006-07
Gross sales (Domestic + exports)	3636.86	2767.22	2495.38	2346.36	2159.24
FOB Value of Exports	1218.26	704.00	627.03	450.51	434.02
Net Profit	489.71 *	213.78	140.77 *	122.54	171.70
Profit Before Tax (PBT)	608.86 *	287.02	203.10 *	168.99	225.77
Cash Profit (PBT + Dep)	834.88 *	507.89	410.42 *	323.54	345.21
Gross Block (FA + CWIP)	3822.83	3611.65	3414.27	3424.10	2649.38
Net Block (NA + CWIP)	2266.30	2228.01	2240.66	2349.82	1718.63
Paid up Share Capital	83.85	57.77	57.77	57.77	57.77
Net Worth	1818.28	1455.85	1272.75	1172.14	1082.03
Capital employed	4947.07	4278.03	3945.84	3703.34	2911.89
Debt Equity Ratio	1.48:1	1.78:1	1.96:1	1.78:1	1.37:1
Current Ratio	2.44:1	3.41:1	3.08:1	2.74:1	2.79:1

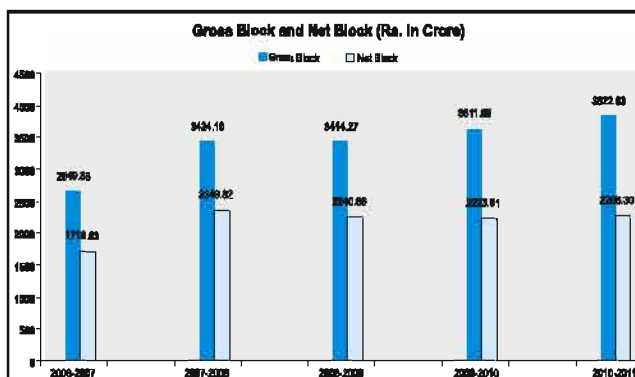
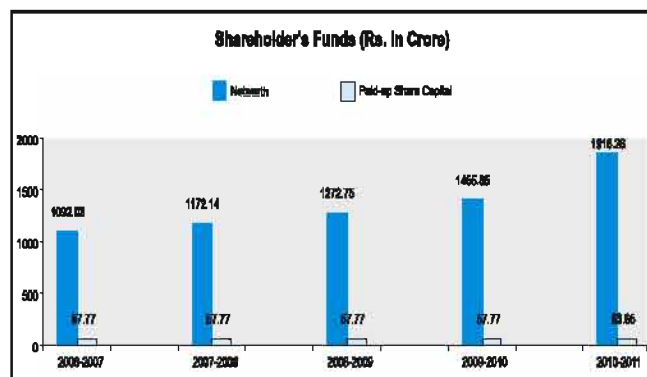
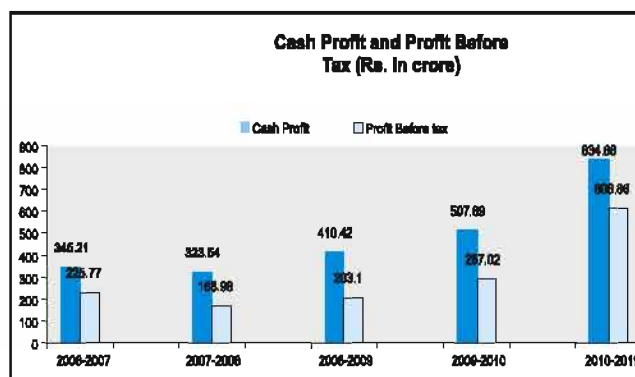
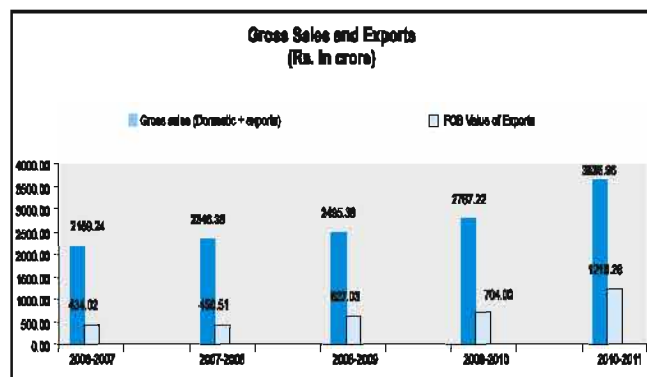
* Includes profit on sale of discontinued operations.

The figures for the FY 2010-11, 2009-10 and 2008-09 are not comparable with the figures of the FY 2007-08 & 2006-07 as the figures for the FY 2010-11, 2009-10 and 2008-09 do not include the figures of sewing thread business including the spinning unit at Hoshiarpur which stood vested with Vardhman Yarns & Threads Ltd. w.e.f. 1.04.2008 pursuant to the Scheme of Arrangement, Re-organisation and Demerger. Similarly, the figures for the Financial Year 2010-11 are not comparable with the previous years figures as these figures include the figures of only 9 months of the Steel Business as this Business stands vested in Vardhman Special Steels Limited w.e.f. 1st January, 2011.

Equity Shares Data of Five Years

	2010-11	2009-10	2008-09	2007-08	2006-07
Book value per share (Rs.)	301.37	252.01	220.31	202.90	189.03
Earnings Per Share (Rs.)					
Basic	78.06	37.00	24.37	21.21	29.72
Diluted	78.06	31.83	18.48	13.58	16.58
Cash Earnings Per Share (Rs.)	138.75	87.92	71.04	56.00	59.76
Dividend per Share (Rs.)	4.50	3.00	2.00	4.00	4.00
Price to Basic Earnings (P/E)	3.32	7.19	1.95	4.89	7.21
Price to Cash Earnings	1.87	3.03	0.67	1.85	3.42
Price to Book Value	0.86	1.06	0.22	0.51	1.08

Price to Basic Earnings (P/E), Price to Cash earnings and Price to Book value has been calculated after taking into account the closing price of the Shares of the Company on 31/03/2011 on Bombay Stock Exchange i.s. Rs. 258.90.



Previous years' figures have been recast/regrouped wherever necessary to make these comparable with current Year's figures.



A view of the newly established garmenting project of the Company's subsidiary, Vardhman Nishinbo Garments Company Limited, Ludhiana



A view of the state-of-the-art machinery installed under the new expansion plan at Anant Spinning Mills, Mandideep (M.P.), a unit of the Company.