
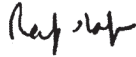
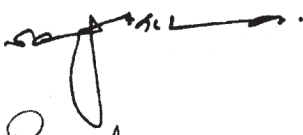
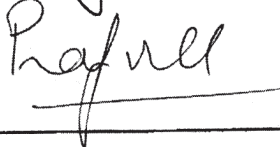


FORM A

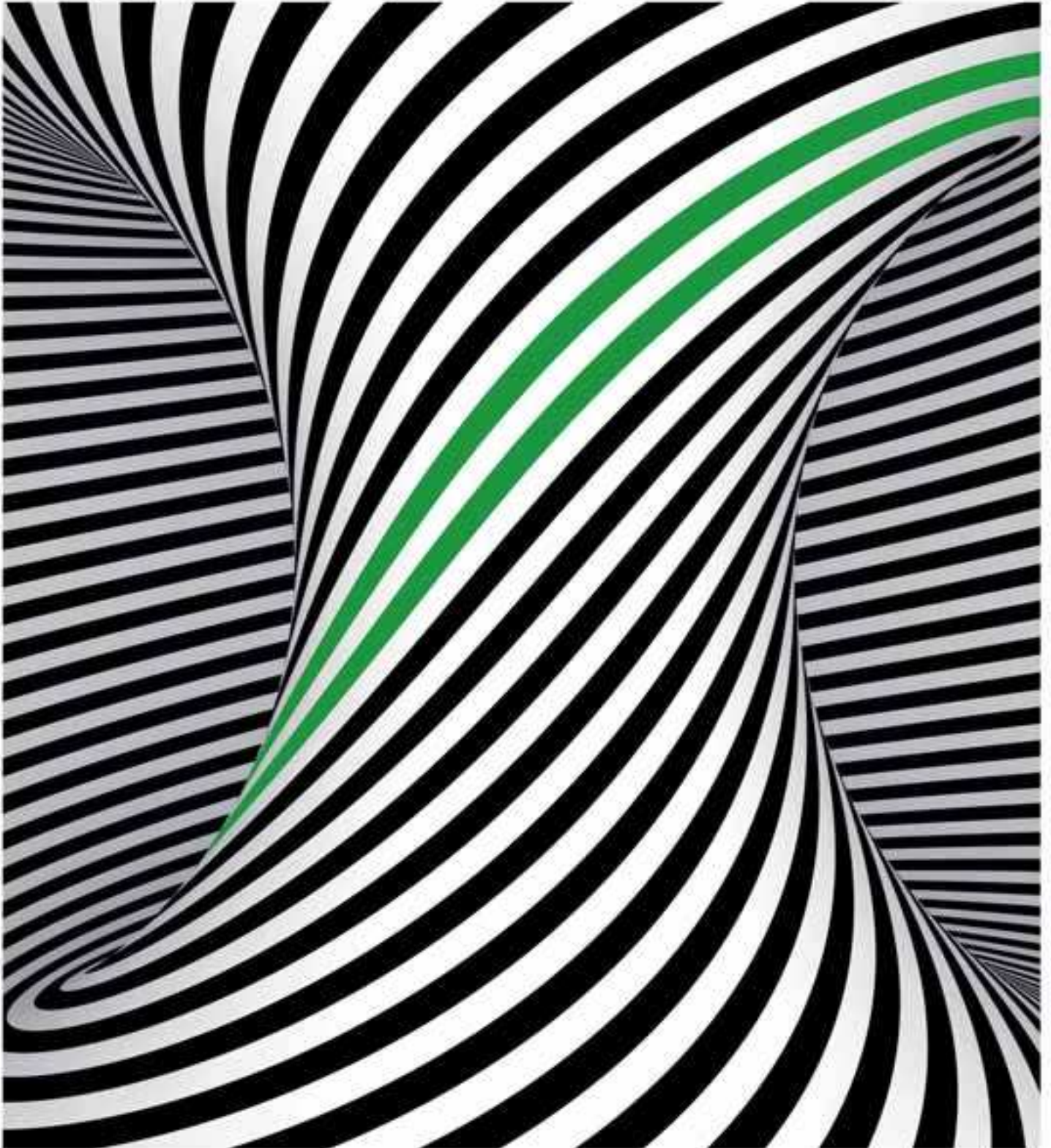
Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Vardhman Textiles Limited
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Un-qualified Audit Report
4.	Frequency of observation	Not Applicable
5.	To be signed by- <ul style="list-style-type: none">• Managing Director (S.P. OSWAL)• CFO (RAJEEV THAPAR)• Auditor of the company (SANJIV MOHAN, PARTNER M/S. S.C. VASUDEVA & CO.)• Audit Committee Chairman (PRAFULL ANUBHAI)	   

Date: 07.08.2014

FOCUSED

VARDHMAN TEXTILES LIMITED | ANNUAL REPORT 2013-14



AT VARDHMAN, WE HAVE
BEEN ENGAGED IN A
NUMBER OF INITIATIVES
OVER THE DECADES.

INCREASING OUR CAPACITY.
WIDENING OUR PORTFOLIO.
ENHANCING OUR QUALITY.
STRENGTHENING OUR
SOURCING.

WE HAVE DONE ALL
THIS AND MORE WITH A
SINGULAR **FOCUS**.

TO ENRICH AND DELIGHT
OUR STAKEHOLDERS.

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P.S. VARDHMAN WAS RANKED AS THE 2ND MOST ADMIRABLE COMPANY IN THE INDIAN TEXTILE SPACE BY *FORTUNE INDIA* (JULY 2013)

VARDHMAN TEXTILES LIMITED.



Leader

One of the leading textile companies in India.

'AA' rated

One of the few 'AA' rated companies in the Indian textile industry.

(Source: CRISIL)

Fully-integrated textile player.

Present across the textile value chain from yarn to fabric.

Market products across 58 countries; 38.35% of our 2013-14 revenues were derived from international geographies.

USED

Enjoy technical tie-ups with global leaders (Japan and Korea) for specialised yarns and fabrics.

Headquartered in Ludhiana (India); our equity shares are listed on the Bombay and National Stock Exchanges.

₹5,037^{cr}

Enterprise value
(March 31, 2014)

23.38%

Institutional holding
(March 31, 2014)

₹5,171^{cr}

Net revenue from
operations (2013-14)

61.85%

Promoter holding
(March 31, 2014)

26,000⁺

Team size
(March 31, 2014)

13

Manufacturing
units across India

LONG-TERM COMMITMENT

Investing in the business with initiatives directed at long-term sustainability

VISION

Engaged in processes, practices and products today which may become the industry norm tomorrow

CONTINUOUS LEARNING AND INNOVATION

Focused on a continuous raising of the bar

CONSERVATIVE

Committed to prudent counter-cyclical investments that strengthen competitiveness

DISCIPLINED APPROACH

Enjoy an outcome of predictability across most things derived out of a culture of discipline

PASSION FOR SERVICE

Passionate belief that the sale begins only after the product has been sold

KNOWLEDGE INVESTMENT

Focused on knowledge building, stimulation, retention and sharing

RELATIONSHIP FOCUS

Engaged in multi-decade partnerships with employees, customers, vendors and collaborators

ETHICAL CITIZEN

Committed to comprehensive governance - in intent, thought and action

FOCUS BRINGS A DISTINCTIVE MINDSET...



PREFERENCE

Earned the reputation of a preferred partner among globally-respected textile majors and brands

GROWTH

Demonstrated sincerity in our endeavour to be an outlier - in good times and bad

PREMIUM

Earned premium on our products, a watermark of our brand acceptability

RESPECT

Earned respect as a statesman of the textile industry – in India and across the globe

REDUCED RISK

Institutionalised sustainability in an otherwise cyclical sector

AWARDS

Received numerous excellence awards at a number of forums

**FOCUS GENERATES
DIFFERENTIATED RESULTS.**





FOCUSED...

**ON LONG-TERM
COMMITMENT**



12-in-20

VARDHMAN GROUP'S REVENUES HAVE GROWN 12 TIMES IN 20 YEARS IN A HIGH-CAPEX, LOW-RETURN SECTOR.

CONTINUED

At Vardhman, everything that we do is subjected to a rigorous one-line filter: 'Will what we intend to do be sustainable across the long term?'

The result of this multi-decadal prism is that we are one of the leading textile manufacturers in India.

Multi-capacity

Vardhman is convinced that however unfashionable it sounds, we would continue to do what we have always done – manufacture yarns and fabrics – with a difference. We would manufacture the widest range, the premium varieties, the best quality and the ones with the most sophisticated applications. And within this range would lie our 'value chain' as opposed to the flavour of the season.

Vardhman is driven by strategic thinking. And on some occasions opportunities arise out of its strategy. The result is that it not only awaits good times; its prudential thinking often makes those good times a reality.

Multi-cycle investment

There is another feature in which our long-termism is visibly reflected – our consistent capacity investments. Our focussed industry approach means we invest continuously, irrespective of good and bad cycles. Our aggregate experience and resident sectoral wisdom provides us with the confidence to generate positive results over an extended period with an ability to ride out the downtrend with comfort.

This long-term approach is reflected in our investment outlays. The Company invested about ₹3958.75 crore during FY06-14 when the global economy passed through its most challenging slowdown in eight decades. This expansion enhanced the Company's spinning capacity 1.98x – from

4,77,920 spindles (March 31, 2006) to 9,33,331 spindles (March 31, 2014); concurrently, the Company expanded its weaving capacity from 432 looms (March 31, 2006) to 1,320 looms. The result: revenues from the spinning business increased at a CAGR of 16% during FY06-14; fabric business revenues grew at a CAGR of 25% during the same period.



25%

Fabric business revenues grew at a CAGR of 25% during FY 2006-14.

Multi-geographic presence

For the first three decades of its existence, Vardhman selected to aggregate all its yarn manufacturing capacities out of a single state Punjab. Thereafter, Vardhman embarked on geographic diversification to enhance long-term sustainability. In two-and-a-half decades, the Company extended to two additional states across North and Central India. Every investment location strategy, depends upon techno-economic requirements as well as opportunities created by certain states in offering benefits for investment in them.

Multi-market approach

Vardhman has selected to enter countries based on their long-term potential – influenced by that country's captive textile resources, population growth, consumption patterns and varietal preferences - as opposed to short-term opportunities. This long-term approach inevitably translated into an enduring multi-country presence; the small revenue that we generated in countries with a long-term potential grew significantly over time. Our focused target strategy helped the Company create a brand, sustain our presence, enhance market penetration and secure repeat business. For instance, the Company entered Japan in the late Eighties addressing niche high-end products; the island nation is now the Company's third largest market.

Multi-function support

To address the growing requirements of speed, information, quality and benchmarking, Vardhman invested proactively in infrastructure, systems and certifications, while adopting tools like Quality Circles and TPM, among others.

Vardhman participated in a nationwide TPM competition in 2009, the only textile company to participate. It received a gold medal in the very first year; until 2014, it had received the first prize on three occasions.





FOCUSED...

**ON MAKING ALL
GROWTH SUSTAINABLE**



0.98x

NET DEBT-EQUITY RATIO
AS ON MARCH 31, 2014
AGAINST 1.15X AS ON
MARCH 31, 2013

CONTINUED

At Vardhman, every single success is appraised through a simple parameter: 'Is it sustainable?' This simplified approach has helped us prioritise investments and initiatives leading to business predictability. In turn, this predictability has inspired the confidence of bankers, facilitating timely resource mobilisation and sustaining the growth of our investment engine.

Conservative Balance Sheet

To finance growth in a capital-intensive business, the Company has relied significantly on its accruals and moderate debt. The result is that the Company has continuously expanded spinning and weaving capacities without stretching its financials.

Culture of conservatism

Vardhman's approach to fresh capacity creation is complemented by its conservative financing options. To the extent possible, we select to fund our capacity expansion through the most prudent financing structures (accruals, debt or hybrid). For instance, our aggressive 2005-06 capacity investment was funded through TUFs debt; the Company also raised funds through convertible

bonds as a de-risking against unforeseen turn of events. The result is that in the global meltdown that followed Vardhman comfortably addressed all its commitments.



97.66%

Proportion of long-term debt sourced from TUFs as on March 31, 2014

Prudent financing at an appropriate cost

At Vardhman, we believe that a number of capacity expansions can be potentially threatened by imprudent financing. As a measure of our fiscally-conservative approach, we have consciously endeavoured to reduce our gearing, ensuring attractive viability of incremental capacities.

Fiscal de-risking

At Vardhman, we sweat our financial assets efficiently through various initiatives. Our cash surplus is parked in liquid debt-instruments with a preference for safety over returns. We generally liquidate vendor dues (primarily cotton suppliers) before the due date to save costs. We try to cover about 20-40% of the prospective year's exports as a hedge against unforeseen currency movements.

No stress in working capital financing

At Vardhman, we believe that a working capital-intensive business (25% of our total employed capital, 2013-14) warrants a corresponding fiscal discipline. In view of this, the Company successfully curtailed working capital usage to about 60% of sanctioned limits (at peak requirement).

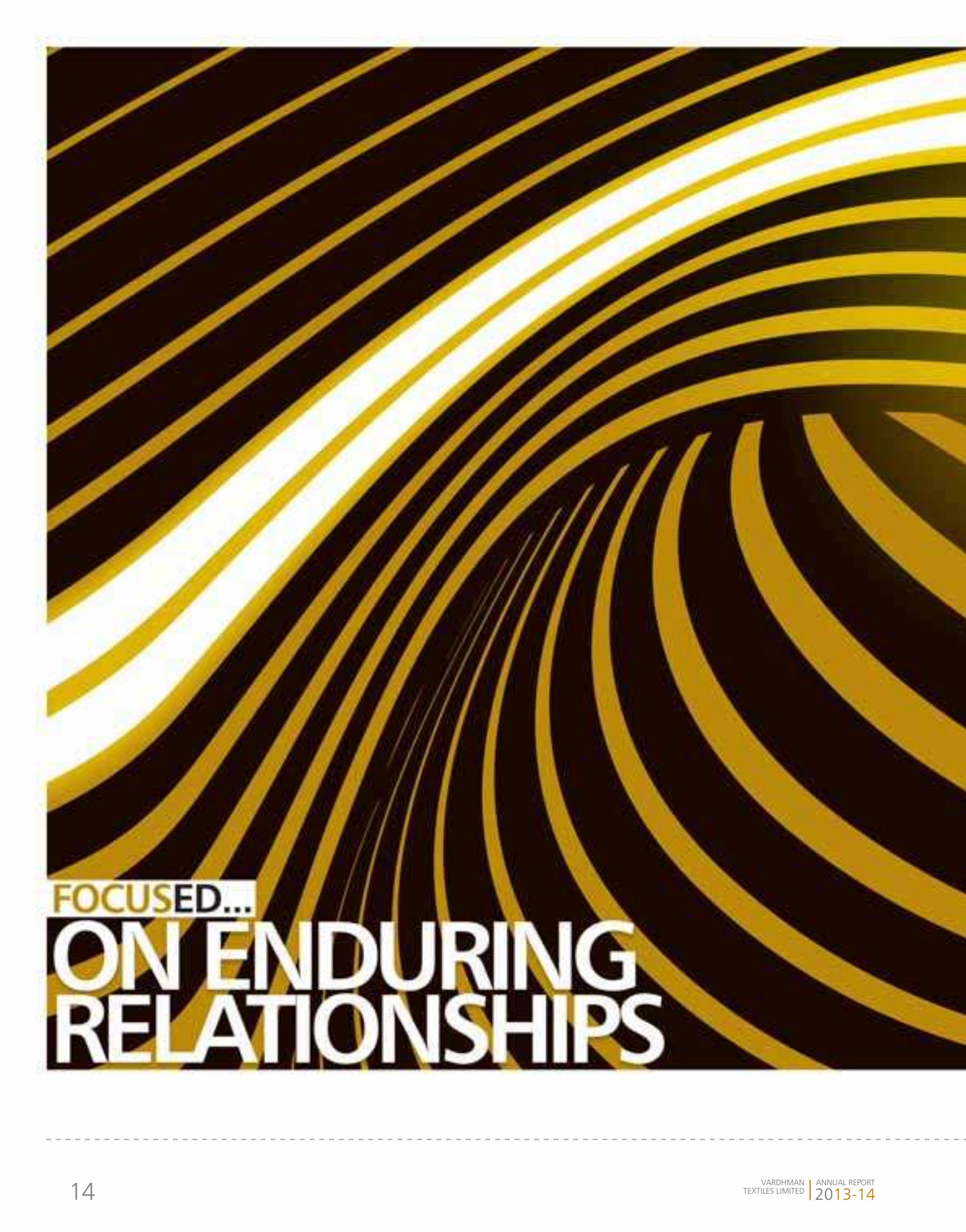
Sustained, not spiky

This sustainability has been extended to our profit sharing. At Vardhman, our dividends, once given, have either been maintained or increased (unless there has been a severe setback), creating a sense of payout predictability for our stakeholders.

81%

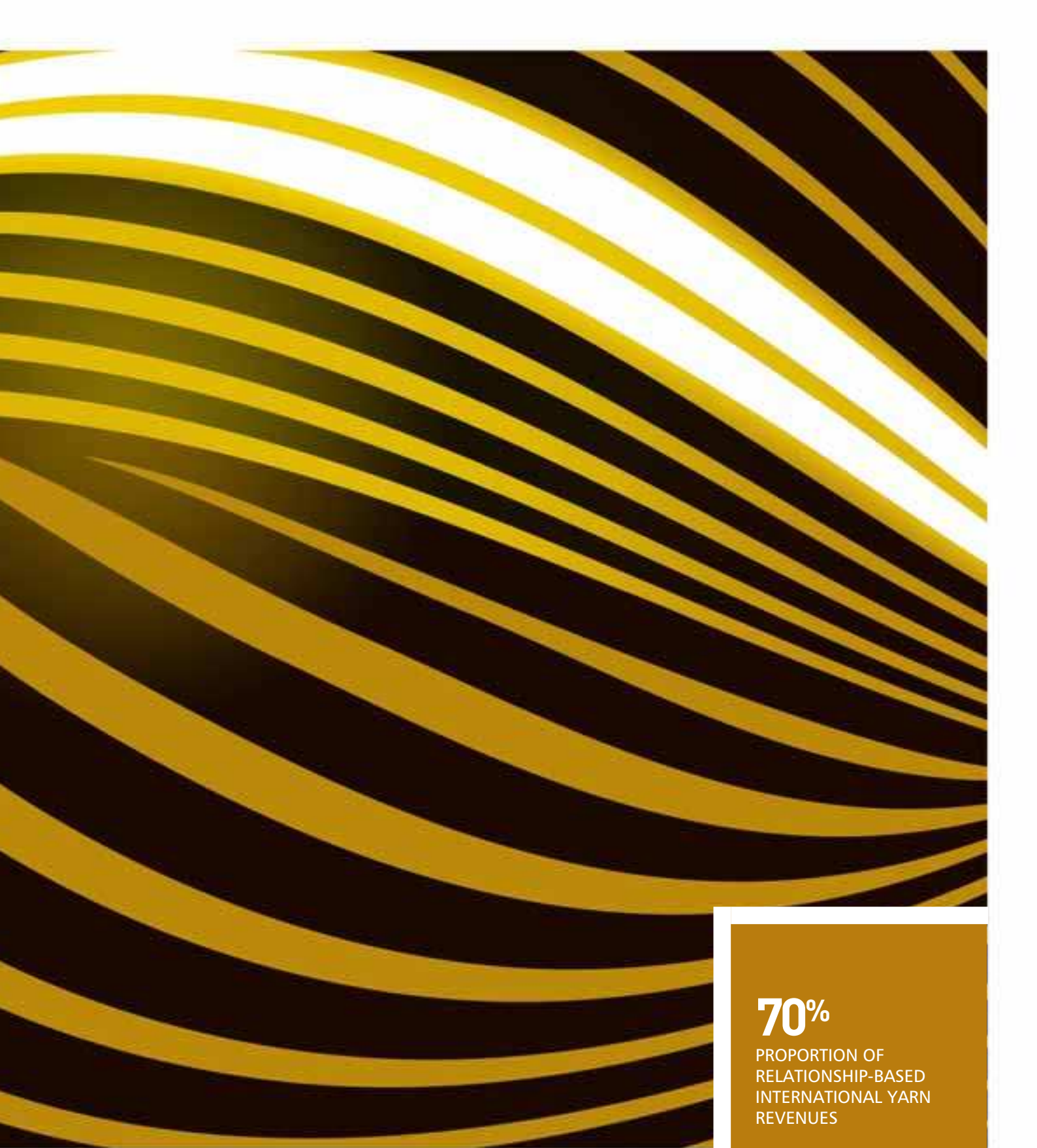
Ploughback of profit after tax over the last three years.





FOCUSED...

**ON ENDURING
RELATIONSHIPS**



70%

PROPORTION OF
RELATIONSHIP-BASED
INTERNATIONAL YARN
REVENUES

CONTINUED

At Vardhman, each time we engage with a customer for the first time, the operative question that we ask ourselves is: 'Can we work with the customer for life?' This clarity has helped us engage with the right customers (large, credible and quality-respecting) across multi-year engagements and strategic partnerships.

Customer priority

At Vardhman, we have demonstrated the importance of the customer within our operating eco-system through specific priorities. The entire organisation is accessible to customers. The organisation is marketing-driven, with Directors leading the customer-interfacing process. Customer issues are reviewed by the Chairman with a specific time frame outlined for all resolution.

Niche products

At Vardhman, our customer commitment starts from the nature of our product. Over the decades, we have prudently increased the proportion of niche products in our portfolio. We manufacture customised products for different applications of diverse customers resulting in a relationship that is as strong as it is enduring.

Collaborative innovation

We periodically visit customers to examine how our products are operating on their machines; each of our product specialists offer downstream manufacturing insights that can then be linked to how our products need to be customised. The result is a multi-month engagement in product innovation that finally results in product commercialisation, representing a complete fit with customer needs.

200+

Indian yarn customers working with the Company for 10+ years

12

The number of years of Vardhman's relationship with GAP Inc. of USA

20+

The tenure (years) that most of the top management have been with the Company

Technology investments

At Vardhman, we believe that an enduring customer relationship is derived from outstanding service. In turn, outstanding service is derived from the ability to deliver quality products on schedule – batch after batch. And backing all this is the need for technology investments that enhance quality, maximise uptime and accelerate output. At Vardhman, technology policy has always remained an area engaging the top management; choices have been made based on the assessment of the relevant technology suited to our conditions.

Customer de-risking

At Vardhman, we believe that it is not enough to service any kind of customer; success is derived from the ability to service diverse customers so that the attrition of a customer type (however temporary) does not affect our overall viability. Over the decades, we worked with a variety of customers needing a diverse range of products. Large capacities have enabled us to serve large needs of domestic and global customers without skewing our customer base.

Right from the roots

In a business where the raw material can vary with every batch, Vardhman carefully procures material selected by expert graders and processed by 5-star ginners. Our wide portfolio is a result of the in-house knowledge of using different varieties of cotton/fibres.

Besides, the Company created a group of ginners to supply contamination-free cotton (cleanest variety) to develop

niche products for demanding customers. Only quality components and consumables with stringent quality assurances are procured. A biannual plant maintenance audit identifies improvement areas and the cross-pollination of multi-unit best practices.

Our yarn mix

Core spun yarn, Slub yarn with new technology, Coarse spun lycra, PC yarns, Gas mercerised yarns, Compact yarn, Melange yarn, Fancy yarns, Hand-knitted yarn.





FOCUSED...

**ON PRODUCT AND
PROCESS INNOVATION**



40+

NEW VARDHMAN YARN
VARIANTS DEVELOPED
IN THREE YEARS (UP TO
2013-14)

CONTINUED

Textiles may be an age-old industry but it is ever changing. Fashion and fashion creators have a profound impact on organisations that intend to serve demanding customers. Innovation, therefore, is critical to long-term success.

At Vardhman, we recognise that the only insurance in a world where the class becomes commonplace in a matter of months, is innovation. Vardhman keeps studying trends and changes in demand, both in yarns and fabrics through extensive analytical techniques aided by our consultative engagement with customers around the world.

Vardhman has a large team of talented technical professionals. Its processes of empowerment are strong, providing room to innovate.

Over the years, Vardhman has established itself as a specialised manufacturer of yarns and fabrics, delivering innovative solutions (Indian and international) that take the customers' business ahead.



On the field

Cotton is one of the most important ingredients in the development of the textile products. Vardhman has a strong raw material procurement process backed by a vast network of contacts throughout the cotton world, helping to buy right quality at the most competitive price. Subsequently, this quality translates into higher machine productivity.

In the plant

At Vardhman, we have created an overarching environment that facilitates shopfloor innovation: creative talent getting adequate opportunities to think freely, and empowered with requisite resources leading to strategic innovation. Besides, incremental improvements/changes in products are achieved through suggestion schemes, customer feedback, interactions with machinery manufacturers, Quality Circle, Kaizen and TPM projects and maintenance audit follow-ups.

Collaborative approach

At Vardhman the biggest catalyst of innovation is our deep understanding of customer requirements, resulting in creative collaboration. This thinking has fostered a relationship based on mutual trust and goodwill. This is well reflected in our working with several customers in Japan over a long period. The knowledge gained through collaborative working has also spurred the development of new products.





FOCUSED...

ON VALUES & GOVERNANCE



8.05%

PROPORTION OF
VARDHMAN OFFICE STAFF
WHO ARE WOMEN... AND
GROWING

CONTINUED

At Vardhman, we recognise that corporate endurance can only be achieved through a governance-driven approach that enhances the confidence of all stakeholders – Indian and international – and corporate respect.

Centre of attention

At Vardhman, we have clearly enunciated the spaces that we shall be present in – textile and related business – emphasising our commitment to continue operating in the areas of our excellence.

Meritocratic environment

Vardhman has fostered an environment where individual merit is a preponderant condition in determining the role and responsibilities of our people, with even the promoters tenaciously committed to this priority.



Board composition

Vardhman's Board of Directors comprises six Directors (out of 11) who are Independent Directors. The Chairman of the Audit Committee is the longest serving independent director on the Board. The Company's CFO is a finance professional who has been with the Company for more than 20 years.

Transparency

Vardhman communicates transparently and without reservation with its stakeholders in good markets and bad. The value system in Vardhman is strong, which empowers the management to express clearly its future expectations as well as any bad news unhesitatingly to its stakeholders.

People resource

At Vardhman, talent development assumes the highest priority. Even in adversity, the Company did not sacrifice its objectives of investing in people with potential. While this reflects its long-term thinking, it also showcases its belief that people represent the best value-creating resource. This is reflected in the fact that most senior management positions are occupied by persons who have been with the Company for a significantly long period.

26.72%

Proportion of Vardhman shopfloor employees who are women



2013-14 AT VARDHMAN

Financial management

Invested ₹809 crore in yarn and fabric capacity expansions and modernisations (including capital work-in-progress)

Yarn business

(excluding inter-segment transfers)

Sales volumes increased 6.74% from 106,367 tonnes in 2012-13 to 113,537 tonnes

Average realisation increased by more than 10% over the previous year

Added 120,864 spindles in 2013-14; cumulative spindlage stood at 933,331 as on March 31, 2014

Net revenue from operations (₹ crore)

2009-10	2,742.95
2010-11	3,606.81
2011-12	3,918.00
2012-13	4,159.71
2013-14	5,171.31

REVENUE GROWTH **24.32%** Over 2012-13 | **17.18%** CAGR over 4 years

Net profit (₹ crore)

2009-10	213.76
2010-11	469.70
2011-12	109.67
2012-13	323.73
2013-14	651.88

NET PROFIT GROWTH **101.37%** Over 2012-13 | **32.15%** CAGR over 4 years

EBIDTA (₹ crore)

2009-10	594.62
2010-11	944.44
2011-12	553.35
2012-13	883.03
2013-14	1,325.33

EBIDTA GROWTH **50.09%** Over 2012-13 | **22.19%** CAGR over 4 years

Cash profit (₹ crore)

2009-10	434.63
2010-11	695.72
2011-12	344.34
2012-13	577.59
2013-14	946.00

CASH PROFIT GROWTH **63.78%** Over 2012-13 | **21.46%** CAGR over 4 years

Fabrics business

(excluding inter-segment transfers)

Sales volumes increased 48.15% from 27 million meters in 2012-13 to 40 million metres

Added 230 looms in 2013-14, taking the cumulative count to 1,320 looms as on March 31, 2014

Average realisation per metre improved 11.62%

Proportion of revenues from fabric business increased from 33.76% in 2012-13 to 37.58%



EBIDTA margin (%)

2009-10	21.68
2010-11	26.18
2011-12	14.12
2012-13	21.23
2013-14	25.63

EBIDTA MARGIN GROWTH **440 bps** Over 2012-13 | **395 bps** Over 2009-10

RONW (%)

2009-10	14.68
2010-11	24.49
2011-12	5.50
2012-13	14.22
2013-14	22.89

RONW GROWTH **867 bps** Over 2012-13 | **821 bps** Over 2009-10

Net margin (%)

2009-10	7.79
2010-11	13.02
2011-12	2.80
2012-13	7.78
2013-14	12.61

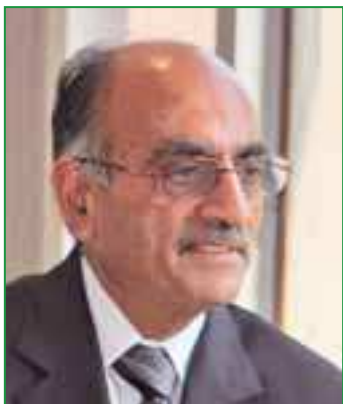
NET MARGIN GROWTH **483 bps** Over 2012-13 | **482 bps** Over 2009-10

EBIDTA to Capital Employed (%)

2009-10	13.92
2010-11	19.09
2011-12	11.45
2012-13	15.84
2013-14	20.90

EBIDTA TO CAPITAL EMPLOYED GROWTH **506 bps** Over 2012-13 | **698 bps** Over 2009-10

THE WAY TO LEADERSHIP IS THROUGH EXCELLENCE, NOT RANK AND SIZE.



Dear shareholders,

The fiscal year of 2013-14 was favourable for Vardhman Textiles, reflected in a 24% growth in net revenue from operations and 101% increase in profit after tax.

This improved performance resulted on the back of a favourable external environment and a prudent cotton procurement strategy.

On the external front, two factors lifted the level of the water for the entire industry: the Chinese policy of high cotton prices resulted in their fabric manufacturers engaging in significant yarn imports, which benefited yarn exporters across the world. Besides, the weak rupee enhanced margins for the Indian textile industry.

On the internal front, we procured quality cotton at favourable rates. Besides, the additional capacity (120,684 spindles and 230 looms) that we commissioned in 2013-14 contributed to our growth.

What gives me deep satisfaction is that Vardhman rose from being the eighth-most admired Indian textile company to the second position according to Fortune India, the most significant jump by any Indian textile company.

The year that will be

Even as we encountered a record year, I must caution shareholders against expecting another peak performance in 2014-15. The global yarn business will largely depend on China's cotton policy as the country is the largest cotton producing and consuming nation, sitting on more than 60% of the global cotton reserves, and the largest global yarn producer.

The Chinese Government recently announced a reversal in its policy of supporting cotton farming. Instead of buying cotton at a higher price, the government will provide subsidies in specific areas. This may have the effect of reducing price of cotton sold by farmers in the domestic market. Reasonably, therefore, the expectation is that in the new season (2014-15) Chinese prices will converge closer to international levels. This will tend to increase China's cotton yarn productions, and may therefore have an adverse influence on exporters, which will include Indian spinners.

Looking ahead, with the rising labour cost in China and an appreciating currency, China may become a potential importer of yarns and fabrics.

Following an economic recovery in the US and Europe, one expects increased consumer spend to drive robust textiles demand. With the Chinese textile policy being unpredictable, the textile consuming world is looking at India as the next best supply source. The result is that India has emerged as the second largest textile exporter, strengthening its apparel export ranking from eighth in 2012 to sixth in 2013.

Vardhman is attractively placed to build on its existing scale. More than 38.35% of its revenues are derived from yarn and fabric exports to 58 countries; exports grew at a CAGR of 12% in the three years leading to 2013-14; these exports have been largely secured through long-term relationships; a majority of these relationships are collaborative in terms of product development and customisation.

Our outlook

Having recently expanded our spinning, weaving and processing capacities, we expect to focus on capacity consolidation in the current year, optimising asset utilisation, quality, efficiencies and relationships.

Overall, while our topline growth could extend in 2014-15 following capacity augmentation achieved in the previous year, margins are likely to moderate on account of volatility in the yarn space leading to a fall in the bottom line.

Long-term road map

At Vardhman, we have drawn out a strategic blueprint to reinforce our sustainability in a cyclical sector.

One of our principal initiatives in this regard was an enhanced focus on the fabrics business for some good reasons: the space is less volatile, margins-accretive, less commoditised and offer opportunities to organisations which can build soft knowledge. The share of India's organised sector in fabric manufacture is less than 10% and may increase as quality considerations outweigh, in line with growing organised retailing and steadily increasing market share of brands.

Vardhman enjoys a head-start in this space - a two-decade fabric manufacturing experience, enduring customer relationships, diverse portfolio and access to quality yarn from captive units. Over the near term, we expect to

strengthen our fabric business through enhanced investments in R&D, resources and competencies, the launch of collections to enhance global visibility, positioning our quality fabrics in niche markets like Japan and engaging in collaborative product development with customers.

The big plan

Over the next five years, we expect to grow revenues from about US\$1 billion to US\$1.5 billion without compromising our Balance Sheet integrity. We are not obsessed with incremental capacity creation; we are passionate about excellence. We believe that the way to leadership is through excellence, not rank or size.

It is through this enduring investment in excellence that we expect to sustain our superior returns over the long-term.

Warm regards,

Shri Paul Oswal

A fellow shareholder



US\$1.5bn

Over the next 5-7 years, we expect to grow revenues from about US\$1 billion to US\$1.5 billion without compromising our Balance Sheet integrity.



MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL 2013-14 WILL GO DOWN IN OUR MEMORY AS ONE OF THE BEST YEARS IN THIS DECADE, FACILITATED BY A FAVOURABLE EXTERNAL ENVIRONMENT AND IMPROVING BUSINESS EFFICIENCY.

Sachit Jain,
Executive Director

Economic overview

Global economy: The world economy has been in recovery mode over the last couple of years even as the growth rate has been far from encouraging. As per latest estimates of the IMF, the world economy growth has been revised to 3.4% for 2014 from 3.7% projected earlier. The main reason of this slow global recovery has been attributed to the negative growth registered by the US economy during the first quarter, a high public debt level and rampant unemployment in the EU and Japan.

The emerging economies have played a more proactive role in this recovery on the back of buoyant domestic market. China is projected to grow at 7.5%, which is lower than its long-term growth rate and can be primarily attributed to a reduction in investment in the housing sector. China has been plagued by long-term issues of sustainable growth, which can be addressed by rebalancing investment and consumption demand. As China is

a big importer as well, the growth in China affects the growth of other Asian economies.

The various reasons that have slowed growth in different parts of the world are largely domestic in nature. However, there remains one issue which connects economies around the world in the global financial market. With normalisation of the American monetary policy, it is quite possible that a part of global finance channelised into emerging economies may go back to the US, raising the cost of finance and uncertainty in the stock markets in emerging economies. Therefore, over the next couple of years, developed and developing countries need to take cautious and coordinated efforts. A judicious mix of monetary policies and public spending in the domestic markets aimed at creating quality assets and consumption demand, may lead to faster recovery.

US\$1.8^{tn}

The size of the Indian economy in 2013-14 (Rupee value of 59.90 against the US dollar).

2nd

India improved its ranking to emerge as the world's second largest textile exporter in CY 2013

Indian economy: The Indian economy is expected to grow at less than 5% in FY2014-15. In the absence of a strong stimulus coming from the global economy, the responsibility of creating demand in the domestic economy lies with the government. Through increased public investments and private final consumption, the growth rate can be raised above 6% over the next couple of years. However, due to fiscal consolidation targets, not much public expenditure is expected. In such a scenario, structural reforms along with good governance measures are expected to promote growth though it could be a slow process and results would only be manifested in the long-term.

Textile sector

The global textiles and clothing sector has grown at a CAGR of 6%, increasing from US\$ 356 billion in 2000 to US\$ 709 billion in 2012 and expected to grow to US\$ 1,100 billion by 2020 even if the growth rate is reduced by about 1% during 2012-2020. One prominent reason attributed to the growth of the global textile industry has been the relocation of textile manufacturing units mainly to East Asian countries like China and Vietnam and South Asian countries like India, Pakistan and Bangladesh.

Asia's rising importance in the global textile industry can be appraised from

the higher share of Asia in the global textile and clothing trade, estimated at about 60% in 2012. Asia also enjoys a sizeable chunk of the world textile fibre processing pie, estimated at about 77% with China, India and Pakistan jointly accounting for about 70% in 2012.

With rising income levels and wages, China's competitiveness has been diminishing slowly, brightening the chances for countries like India, which enjoys a pervasive presence across textile value chain. India consumed about 7.50 million tonnes of textile fibre, comprising about 5 million tonnes of cotton and about 2.5 million tonnes of man-made fibre. Based on the estimates of the Textile Ministry, textile fibre consumption may grow to 13 million tonnes by 2020, which means provided there is an encouraging policy framework and an industry-friendly environment, there will be significant investment opportunities.

India: The Indian textile and apparel sector (TAC) is one of the leading in the world. The sector provides the country with a basic necessity, drives industrial output, generates employment and catalyses exports. The Indian TAC sector is self-reliant - from the availability of raw materials to the manufacture of garments. Cotton textiles continue to form the base of the industry, though

other fibres gained prominence in recent years.

The Indian TAC consumption was estimated at US\$51 billion (9% CAGR in the last 10 years), driven by a growing population, deeper retail penetration and rising disposable incomes. The Indian TAC industry accounts for ~24% of global spindle capacity, 8% of global rotor capacity, and the largest loom capacity (including handlooms) but accounts for only 14% of the world's production of textile fibre and yarn and 5% share of global trade.

India improved its ranking to emerge as the second largest textile exporter in the world in CY 2013, with China retaining the top position (Source: Data released by UN Comtrade). India exported textiles worth US\$40.2 billion (global textiles exports at US\$772 billion), commanding 5.2% of the global trade.

India has also improved its ranking in the apparel exports from eighth position in 2012 to sixth position in 2013. The country's apparel exports stood at US\$15.7 billion in 2013 as against US\$12.9 billion in 2012 – accounting for 3.7% share of the global readymade garment exports.

GDP growth (%)

2009-10	8.6
2010-11	8.9
2011-12	6.7
2012-13	4.5
2013-14	4.7

The country's textile industry received significant thrust from the Government (Central and State) through favourable policies.

The 12th Five Year Plan envisages investments worth US\$28 billion in the textile sector through policy initiatives

Continuation of TUFs until the end of the 12th Five Year Plan is likely to sustain investments in the textile sector

Diverted the focus of TUFs from the spinning to weaving, knitting and composite segments

₹7 billion was allocated for the development of technical textiles in the 12th Five Year Plan

The cotton scenario

Global: Global cotton stock levels peaked at ~84% of annual consumption (estimated closing stock as on July 2013 was ~20.6 million tons and are estimated to increase to 21.6 million tons in July 2014 (~ 88% of the estimated global cotton consumption). The global cotton consumption is estimated to decline by 0.7% for the international cotton year (CY) ended July 2013 in comparison to 2012/13 to ~23.3 million tons. Fall in consumption is primarily due to slow pace of demand in second half of CY mainly from China. It is expected to grow by ~5% in CY2014 to 24.5 million tons. However, it continues to remain below the peak levels of ~26.5 million tons in CY2007 and CY2008.

US\$28bn

Planned investment in the textile sector in the Twelfth Plan





7.43mn

Total cotton supply (in tons) in India in Cotton Season 2013-14.

Despite an expected decline in cotton production by ~2.3% for CY2014, global cotton production is expected to outpace the consumption for the fifth consecutive year in CY2014.

Despite the continuous stock addition (approx 11 million tonnes in the last four years) international prices remained strong for the following reason:

The global surplus was absorbed by the Chinese in last 4 years . Since the Chinese buying price was high compared to the international markets, surplus stock was locked in; besides, Chinese mills began to import more cotton, strengthening international prices. Till date there is more than 11 million tons of cotton is with Chinese Reserve.

But the Chinese Government is planning to forfeit the policy of Reserve Purchase for CY2014 and come up with direct

subsidy policy for Chinese Farmers, also restricted to Xinjiang region. Chinese government is also making available reserve stock at reduced prices to local mills which in turn implies reduced trade to China for CY 2014 and increase in stocks outside China also. It gives bearish outlook to World prices for CY2014 which is foreseeable by end of CY 2013.

India (cotton season 2013-14): India is having an opening stock of 0.595 million tons and is likely to produce about 6.6 million tons. By adding imports of 0.204 million tons, the total supply would be 7.43 million tons. Out of total supply about 5.1 million tons are expected to be consumed and 1.89 million tons of Export, leaving behind closing stock of merely 0.39 million tons.

Of the estimated exports, 1.82 million tons have already left the Indian ports, which resulted in a price spike in Indian cotton starting from period December 2013 onwards which remains till July 2014. But with reduced demand of Yarn/Cotton from China (due to their own reduced prices of cotton)in second half of CY13, domestic cotton prices in India starts declining . For CY 14, record crop is foreseen which will have further impact on the prices downside and it may possible that Government Minimum Support price operations come into effect.

(figures in million tons)

Year	July, 06	July, 07	July, 08	July, 09	July, 10	July, 11	July, 12	July, 13	July, 14
Opening Stock	12.536	12.806	12.257	11.756	8.568	9.448	14.594	17.753	20.600
Production	26.766	26.073	23.503	22.334	25.408	28.054	26.68	26.13	25.53
Imports	8.122	8.536	6.647	7.928	7.756	9.752	9.874	8.98	7.93
Total Supply	47.424	47.415	42.407	42.018	41.732	47.254	51.152	52.863	54.060
Consumption	26.487	26.687	23.862	25.529	24.512	22.805	23.313	23.290	24.500
Exports	8.048	8.465	6.609	7.798	7.722	9.867	10.086	8.98	7.93
Total Off Take	34.535	35.152	30.471	33.327	32.234	32.672	33.399	32.270	32.430
Loss	0.083	0.006	0.180	0.123	0.050	-0.012	0.000	-0.007	0.010
Ending Stock	12.806	12.257	11.756	8.568	9.448	14.594	17.753	20.600	21.620
S/U Ratio*	37%	35%	39%	26%	29%	45%	53%	64%	67%

* Stock to use ratio: Ending Stock/(Consumption+ exports)

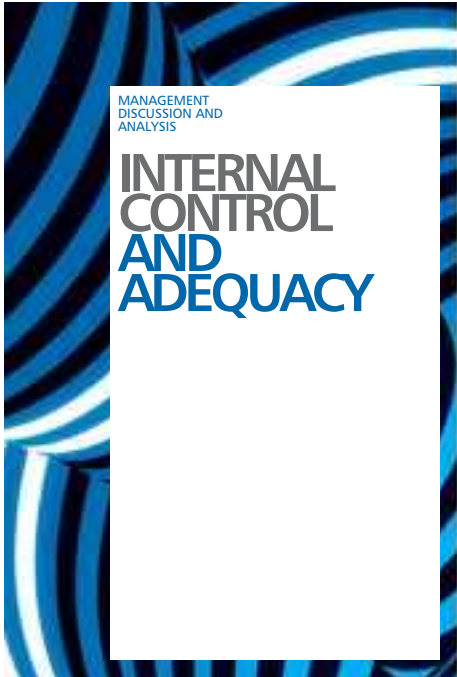


Vardhman believes that intellectual capital represents its most valuable asset. The successful implementation of the strategies formulated within the confines of the Board room are executed by the team working outside. In other words, excellence at Vardhman is all-pervasive -starting from the top floor and extending right down to the shop floor.

In line with this, the Company positioned employee engagement as a key priority. Even as the Company increased its presence across various business segments, it formulated HR goals to create an organisation which can be recognised as a 'centre of excellence'.

The Company's endeavour is not just to increase its work force but to ensure that teams collaborate effectively to create an optimal working culture. As a means to this aforementioned end, the Company inculcated industry-best practices and promoted ethically correct behaviour.





The Company endeavours to maintain a system of well-established policies and procedures for internal control of operations and activities. Its internal control systems and procedures are designed to enable reliable reporting of financial statements, reporting timely feedback on achievements of operational/strategic goals and ensure compliance with laws and regulations. Keeping in view expansions at various locations, the Company is engaged in the pursuit of consolidating and constantly reviewing and updating its systems and controls to keep pace with the increasing size of the Company.

Internal Audit in the organisation is an independent appraisal activity and it measures the efficiency, adequacy and effectiveness of other controls in the organisation. All significant issues are brought to the attention of the Audit Committee of the Board.





Vardhman reported its best performance in the last decade despite the prevailing economic slowdown and a subdued business environment. What is heartening is that our growth in profitability far exceeded the growth in our revenues, showcasing the improving quality of our business.

1) Statement of Profit and Loss

Revenue from operations (gross):

Revenue from operations (gross) grew by 24.30% from ₹4,160.77 crore in 2012-13 to ₹5,171.86 crore in 2013-14. This growth was influenced by the following factors: increased sales volumes due to the commissioning of new capacities, growing proportion of value-added products in the sales mix, superior yarn realisation consequent to the Chinese cotton cum yarn policy and a depreciated rupee.

Operating costs: Operating costs increased by 17.27% from ₹3,585.43 crore in 2012-13 to ₹4,204.68 crore in 2013-14 despite a significant rise in the Company's scale of operations. This was possible due to the successful implementation of numerous cost-optimisation initiatives across operating facilities.

Cost of material consumed: Raw material costs increased primarily due to an increase in production volumes. The Company's prudent cotton buying procedures facilitated cost-efficient cotton procurement. Manmade fibres comprised the other critical business input for the Company.

Employee expenses: Employee expenses increased by 19.31% from ₹268.34 crore in 2012-13 to ₹320.17 crore in 2013-14. This jump was due to an increase in the team size, the annual increment to the Vardhman team and a salary alignment initiative in 2013-14.

Other expenses: Other operating expenses increased by 21.42% from ₹1,029.77 crore in 2012-13 to ₹1,250.34 crore largely due to:

Increase in power costs, an increased consumption of dyes and chemicals, increased repairs and maintenance, in addition to increased operations.

Margins: Business profitability surged due to a combination of favourable external factors and internal initiatives. On the external front, the Chinese cotton and yarn policy helped in improving yarn realisation while the depreciated rupee strengthened exports profitability from exports. On the internal front, capacity expansion facilitated economies of scale while numerous cost-optimisation projects improved profitability. As a result, EBIDTA jumped by 50.09% from ₹883.04 crore in 2012-13 to ₹1,325.33 crore; EBIDTA margin improved 436

24.32%

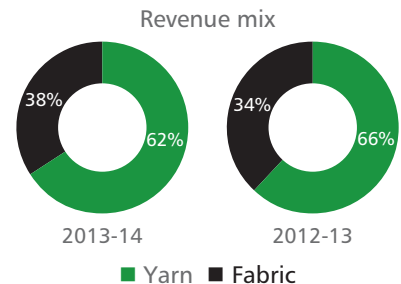
Growth in revenues from operations (net) over 2012-13

50.09%

Growth in EBIDTA over 2012-13

101.37%

Growth in profit for the year over 2012-13



bps from 20.95% in 2012-13 to 25.31% in 2013-14. Profit for the year improved by 101.37% from ₹323.73 crore in 2012-13 to ₹651.88 crore in 2013-14; net profit margin scaled 477 bps from 7.68% in 2012-13 to 12.45% in 2013-14.

2) Balance Sheet

The capital employed in the business stood at ₹6341.64 crore as on March 31, 2014 against ₹5573.07 crore as on March 31, 2013 – the increase was primarily owing to an increase in shareholders' funds. The effective utilisation of funds reflected in increased return on capital employed from 11% in 2012-13 to 16% in 2013-14.

Shareholders' funds: The shareholders' fund grew from ₹2,276.57 crore as on March 31, 2013 to ₹2,848.32 crore as on March 31, 2014 – an increase of 25.11%, which was due to an increase in the balance under reserves and surplus; equity capital remained unchanged at ₹63.56 crore between the two years (comprising 636.52 lac shares with a face value of ₹10 per share). The balance in reserves and surplus increased 25.84% from ₹2,212.92 crore as on March 31, 2013 to ₹2,784.66 crore as on March 31, 2014.

Non-current liabilities: The balance under this head stood at ₹2,207.97 crore as on March 31, 2014 against ₹2,226.55 crore on March 31, 2013. This reduction was primarily due to a decline in long-term borrowings from ₹1,984.96 crore as on March 31, 2013 to ₹1,925.06 crore as on March 31, 2014, compensated by an increase in deferred tax liabilities.

Current liabilities: The current liabilities balance increased 28.42% from ₹1,420.21 crore as on March 31, 2013 to ₹1,823.90 crore as on March 31, 2014. This increase was on account of an increase in short-term borrowings, trade payables and current maturity of long-term debt. The increase in short-term borrowing (working capital loan) and trade payables were the result of expanded operations. The current maturity of long-term debt represented term loans payable in 2014-15.

Non-current assets: This head primarily comprised fixed assets and non-current investments. The balance increased by 14.24% from ₹3,038.67 crore as on March 31, 2013 to ₹3,471.44 crore as on March 31, 2014.

Fixed assets: Tangible assets increased

by 18.58% from ₹2,327.81 crore as on March 31, 2013 to ₹2,760.41 crore as on March 31, 2014. This increase was on account of the commissioning of yarn and fabric capacity. Projects are yet to be commissioned formed a part of the capital work-in-progress.

Non-current investments: This comprised investments in subsidiaries, associate companies and secured mutual funds. The balance under this head increased by 68.21% from ₹293.19 crore as on March 31, 2013 to ₹493.18 crore as on March 31, 2014. This jump was largely owing to a significant increase in investments in mutual funds.

Current assets: The current asset balance grew by 18.17% from ₹2,884.65 crore as on March 31, 2013 to ₹3,408.75 crore as on March 31, 2014 – largely due an increase in inventories and trade receivables.

The increase in inventories is typical to the spinning business where cotton is procured up to March for the next six or seven months. The increase in trade receivables remained in line with the increase in business volumes.

Interest cover (x)

2009-10	4.31
2010-11	6.54
2011-12	1.84
2012-13	3.61
2013-14	6.79

Debt-equity (x)

2009-10	1.78
2010-11	1.48
2011-12	1.32
2012-13	1.33
2013-14	1.13

MARCH 31

Working capital cycle* (days)

2009-10	221
2010-11	209
2011-12	196
2012-13	187
2013-14	172

* excluding current investments



MANAGING BUSINESS UNCERTAINTY

01 THE INABILITY TO PROCURE QUALITY COTTON AT COMPETITIVE COSTS COULD IMPACT PROSPECTS.

Relevance

Cotton quality determines yarn quality

Majority of the Company's yarn is cotton-based

About 100% of the yarn for the fabrics business is sourced from in-house yarn manufacture

De-risking initiatives

The Company's cotton cell analyses various factors - globally and in India - to arrive at a de-risked procurement strategy. This provides the Company with adequate quality cotton at rates lower than peers in the business. This helps moderate production cost,

enhance yarn realisations and weave quality fabrics.

RESULT: Yarn and fabric volumes have grown consistently. More than 65% of the fabric is marketed to large apparel brands (global and Indian).

02 A REVERSAL IN THE CHINESE COTTON POLICY COULD AFFECT YARN IMPORTS INTO CHINA, IMPACTING THE COMPANY'S EXPORTS.

Relevance

The global trade of yarn would be impacted

The Company's yarn margins would be impacted

The yarn business constitutes about 62% of the Company's topline

De-risking initiatives

A reversal of the Chinese policy with regard to cotton and yarn could impact the global textile market; Vardhman included. The impact on the Company could be moderated for the following reasons:

A significant proportion of the Company's output comprises specialised value-added yarns.

The Company is increasing the proportion of fabrics in its overall sales mix with higher corresponding value-addition that is unaffected by China's policy announcements.



03 A DEARTH OF TALENT COULD IMPACT SUSTAINABILITY.

Relevance

Textile operations require skilled labour

The Company undertakes periodic investments in business operations; 2.62 lac spindles and 420 looms were added in the last five years.

De-risking initiatives

Vardhman is a people-centric organisation where the culture, policies and practices ensure that its members grow in tandem with the organisation; the senior management has been with the Company for more than two decades. The

Company's efforts in increasing the knowledge capital of its employees and implementing policies that offer internal promotions help motivate members. The Company induces participative growth through continuous improvement projects.

04 THE INABILITY TO MOBILISE LOW-COST FUNDS COULD IMPACT PROFITABILITY.

Relevance

Textiles are a capital-intensive and low-margins business where growth is achieved through periodic capacity augmentation

An increase in operational scale generally translates into a need for increased working capital (generally an expensive source of funds)

De-risking initiatives

Vardhman's capacity increases are driven through commitments from existing/prospective customers. Capital-intensive projects are funded through only that much debt which it can comfortably repay. These term loans (for projects) are primarily TUFs loans (low-cost debt) which come with a two-year moratorium, allowing the Company to generate adequate liquidity to address external

liabilities. Besides, the focus on volume-driven and value-led growth has enhanced cash generation – net cash from operations grew more than 200% CAGR over the last three years, which was prudently deployed in capital-intensive projects and debt repayment.

RESULT: The Company's moderate debt-equity ratio of 1.13 (March 31, 2014) provides adequate room to mobilise low-cost funds.





Vardhman

DIRECTORS' REPORT

1. Financial Results:

The financial results for the year are as under:

Particulars	2013-14 (₹ in crore)	2012-13 (₹ in crore)
Revenue from operations (Net)	5,171.31	4,159.71
Profit before Depreciation, Interest & Tax (PBDIT)	1,325.33	883.04
Interest and Financial expenses	151.83	174.35
Profit before Depreciation and Tax (PBDT)	1,173.51	708.69
Depreciation	294.13	253.86
Profit before Tax (PBT)	879.38	454.84
- Provision for Tax - Current	188.50	106.82
- Deferred Tax (Net of Adjustment)	39.00	24.29
Profit for the period after tax (PAT)	651.88	323.73
Add: Corporate Dividend Tax written back	1.79	1.21
Balance brought forward	551.90	306.64
Balance available for appropriation	1,205.56	631.58
Appropriations:		
Proposed dividend on:		
- Equity shares	70.02	38.19
- Corporate Dividend Tax	11.90	6.49
Transfer to General Reserve	66.00	35.00
Closing Balance of surplus i.e. Balance in Statement of Profit & Loss	1,057.64	551.90
Earnings per share (₹)		
- Basic	102.41	50.86
- Diluted	102.41	50.86
Dividend per share (₹)	11.00	6.00

Dear Members,

The Directors of your Company have pleasure in presenting their 41st Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended, 31st March, 2014.

A) Financial Analysis and Review of Operations:

Production & Sales Review:

During the year under review, your Company has registered Revenue from operations (turnover) of ₹5,171.31 crore as compared to ₹4,159.71 crore showing an increase of 24.32% over previous year. The export of the Company increased from ₹1,599.59 crore to ₹2,007.91 showing an increase of 25.53% over the previous year. The business wise performance is as under:-

a) Yarn:

The production of Yarn increased from 148,003 MT to 168,285 MT during the year 2013-14. The sales revenue of yarn increased from ₹2,523.46 crore to ₹2,980.06 crore during the year under review showing an increase of 18.09%.

b) Fabric:

During the year, the production of fabric (grey and processed) increased from 219 million meter to 261 million meter, showing an increase of 19.18% over the previous year. The sales revenue of the fabric (grey and processed) also increased from ₹1,366.96 crore to ₹1,885.27 crore showing an increase of 37.92% over the previous year.

Profitability:

The Company earned profit before depreciation, interest and tax of ₹1,325.33 crore as against ₹883.04 crore in the previous year. After providing for depreciation of ₹294.13 crore (Previous year ₹253.86 crore), interest of ₹151.83 crore (Previous Year ₹174.35 crore), provision for tax ₹188.50 crore (Previous year ₹106.82 crore), provision for deferred tax (net of adjustments) ₹39.00 crore (previous year ₹24.29 crore), the net profit from operations worked out to ₹651.88 crore as compared to ₹323.72 crore in the previous year, an increase of 101.37%.

Resources Utilisation:

a) Fixed Assets:

The fixed assets (including work-in-progress) as at 31st March, 2014 were ₹2,859.26 crore as compared to ₹2,548.41 crore in the previous year.

b) Current Assets:

The current assets as on 31st March, 2014 were ₹3,408.75 crore as against ₹2,884.65 crore in the previous year.

Inventory level was at ₹1871.54 crore as compared to the previous year level of ₹1,499.44 crore.

Financial Conditions & Liquidity:

The Company enjoys a rating of "AA/stable" from Credit Rating Information Services of India (CRISIL) for long term borrowings and "A1+" for 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:-

Particulars	2013-14 (₹ in crore)	2012-13 (₹ in crore)
Cash and Cash equivalents:		
Beginning of the year	26.63	58.42
End of the year	52.75	26.63
Net cash provided (used) by:		
Operating Activities	718.30	269.18
Investing Activities	(690.11)	(468.99)
Financial Activities	(2.07)	168.03

B) Internal control and adequacy

The Company maintains a system of well-established policies and procedures for internal control of operations and activities. Its internal control systems and procedures are designed to enable reliable reporting of financial statements, reporting timely feedback on achievements of operational/strategic goals and ensure compliance with laws and regulations. The Company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control self-assessment procedures ensure compliance with policies, plans and statutory requirements. Internal Audit in the organisation is an independent appraisal activity and it measures the efficiency, adequacy and effectiveness of other controls in the organisation. All significant issues are brought to the attention of the Audit Committee of the Board.

C) Human Resources /Industrial Relations:

The Company continues to lay emphasis on building and sustaining an excellent organisation climate based on human performance. Performance management is the

key word for the Company. During the year the Company employed around 26,000 employees.

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

2. Subsidiaries:

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

VMT Spinning Company Limited (VMT)

The business of this subsidiary of the Company which is a Joint Venture with Marubeni Corporation and Marubeni Hong Kong and South China Limited of Japan has shown a lot of improvement. The Revenue from operations of the Company has increased to ₹157.65 crore from ₹147.45 crore in the last year. The Company earned a net profit of ₹17.04 crore as against the profit of ₹5.45 crore in the previous year administering an increase of 212.66%. Out of the total present paid-up capital of ₹20.70 crore, your Company holds 89.44 %. The Board of Directors of VMT has recommended a dividend @ ₹1.50 per share for the year 2013-14.

VTL Investments Limited (VTL)

This 100% subsidiary of your Company is engaged with 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 ₹2.14 crore.

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 70.01% shares in this subsidiary. During the Financial Year 2013-14, VAL recorded Revenue from operations of ₹468.49 crore (includes Trading of goods of ₹133.97 crore) as against ₹436.49 crore (Trading of goods ₹134.72 crore). The net profit for the year has increased to ₹43.67 crore from ₹24.40 crore in the previous year administering an increase of 78.98%.

Vardhman Yarns & Threads Limited (VYTL)

This subsidiary of the Company, a Joint Venture with American & Efird (A&E) global LLC, USA, 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 player in Threads Manufacturing and Distribution across the world. During the year under review, the Revenue from Operations were ₹643.05 crore as against ₹537.80 crore in the previous year registering an increase of 19.57%. The Net Profit for the year was ₹69.99 crore as compared to ₹43.15 crore during last year registering an increase of 62.20%. This has been possible because of increase in production and sales revenue in all the verticals i.e. Consumers, Industrial and Specialty products. The Board of Directors of this Company has recommended a dividend @ ₹3.50 per share on it's paid up equity share capital, for the year 2013-14.

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 men's shirts. During the year, the Revenue from Operations of the Company was ₹36.60 crore as compared to ₹17.66 crore in the previous year. The Company incurred a net loss of ₹4.13 crore as against ₹4.86 crore in the previous year. This is on account of lower productivity, labour turnover and lack of skilled workers. The Company is expected to stabilise its business operations during the next financial year.

3. Dividend:

The Board of Directors of your Company has recommended dividend of ₹6/- per share on the Fully Paid-up Equity Shares of the Company. Further to commemorate the Golden Jubilee Year of commencement of operations of the Group, the Board also recommended a special dividend of ₹5/- per share on fully paid up equity shares of the Company.

4. Directors:

The nomination of Mr. S. Padmanabhan has been withdrawn by IDBI Bank Limited and Mr. Suresh Khatanhar has been nominated as the Director of the Company by IDBI Bank Limited w.e.f 12th April, 2014.

Mr. Sachit Jain, Executive Director of the Company, retire by rotation at the conclusion of the forthcoming Annual General Meeting, pursuant to the provisions of the Articles of

Association of the Company and being eligible, offer himself for re-appointment. The Board recommended his appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

5. Corporate Governance:

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

6. Auditors:

M/s. S.C. Vasudeva & Company, Chartered Accountants, New Delhi, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting of the Company.

7. 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, 2014. This Auditors' Report is self-explanatory and requires no comments.

8. Cost Audit Report:

The Cost Auditors' Report for the financial year 2013-14 will be forwarded to the Central Government as required under law.

9. 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.

10. 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 optimise 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.

11. 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;

- a. 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, 2014 and of the profit of the Company for the year ended on 31st March, 2014;
- b. 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
- c. the annual accounts have been prepared on a going concern basis.

12. Acknowledgement:

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: Mumbai

Dated : 23rd May, 2014

(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, 2014:

I. Conservation of Energy:

All the units have taken various measures in conservation of energy. The thrust is to measure the existing system parameters and then implement improvements. Emphasis is also given to optimise the operation of various equipment which also lead to energy conservation.

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 2013-14:

Sr. No.	Measures taken	Saving amount (₹ in Lac)	Energy savings (In Lac Units)
1.	Laying of additional LT cables alongwith existing cables to reduce voltage drop & losses, Replacement of 36 watt tube lights with 25 watt tube lights, installation of VFDs on H-plant fans & water pumping system, Replacement of old & rewind induction motors with new energy efficient motors, Installation of Servo Voltage Stabilizers for lighting system, Replacement of Sodium vapour & HPSV lamps with LED lamps for street & boundary lighting, Solar water heating for Wartsila Engines Jackets water and Xerolla yarn conditioning machines, Use of APFC panels for PF improvement & reduction of line losses, Use of Thermal Imaging Camera to identify loose connections, Arresting steam, water and air leakages.	297.52	47.71

Form-A

Particulars	U.O.M	Total (CY) 2013-14	Total (CY) 2012-13
(A) Power And Fuel Consumption:			
1. Electricity :			
(A) Purchased			
Units	(KWH n ñc)	5,583.46	5,010.71
Total Amount	(₹ in lac)	33,841.52	27,673.19
Rate Per Unit	₹/KWH	6.06	5.52
(B) Own Generation Through Diesel Generator			
Units	(KWH n ñc)	87.12	161.56
Unit/Ltr. Of Oil	KWH	3.70	3.75
Cost Per Unit	₹/ KWH	13.84	10.09

Particulars	U.O.M	Total (CY) 2013-14	Total (CY) 2012-13
(C) Own Generation Through FO			
Units	(KWH n ñc)	8.97	-
Value	In acL	109.40	-
Rate	₹/ KWH	12.19	-
(D) Own Generation from STG			
Units	(KWH n ñc)	3,699.48	3,193.64
Value	(₹ in lac)	20,194.89	15,471.81
Cost Per Unit	₹/KWH	5.46	4.84
2. Coal (Used In Boiler) :			
Quantity	MT	330,991.80	338,631.99
Total Cost	₹ in lacs	12,794.25	11,634.02
Average Rate	₹/MT	3,865.43	3,435.60
3. Oil (LDO/HDP/RFO/HPS) :			
(Used In Boiler)			
Quantity	K. TRS.	137.35	370.09
Total Cost	₹ in lac	67.60	144.42
Average Rate	₹/ Litre.	49.22	39.02
4. Others (Husk use in Boiler) :			
Quantity	MT	83,618.19	75,391.64
Total Cost	₹ in lac	4,091.11	3,599.57
Average Rate	₹/ MT	4,892.61	4,774.50
5. Others (Steam consumption) :			
Quantity	MT	513,264.05	453,666.01
Total Cost	₹ in lac	5,203.25	4,985.57
Average Rate	₹/ MT	1,013.76	1,098.95
(B) Consumption Per Unit Of Production			
1. Yarn (Cotton & Acrylic) :			
Electricity	Kwh/ g k	4.01	4.12
Coal	Kg./ kg	1.25	2.07
Husk	Kg./ g k	2.46	1.95
2. Fabric :			
Electricity -Grey Fabric	Kwh/ Mtr	0.83	0.84
Electricity - Processed Fabric	Kwh/ Mtr	0.40	0.41
Steam (Used For Grey Fabric)	Kg./mtr	0.56	0.53
Steam (Used For Processed Fabric)	Kg./mtr	3.91	4.05

II. Technology Absorption:

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

Form-B:

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:

Particulars	2013-14 (₹ in lac)	2012-13 (₹ in lac)
Capital	783.81	33.31
Recurring	80.63	74.49
Total	864.44	107.80
Total R & D expenditure as a Percentage of turnover is	0.17%	0.026%

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 exports, 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 new Products & Markets with continuous growth.
- Focus on Exports of Value Added Products continued during the financial year 2013-14.
- Continuously enhanced the sale of more environment friendly yarns.

Total Foreign Exchange earned and used:

Particulars	2013-14 (₹ in crore)	2012-13 (₹ in crore)
a). Earnings (FOB value of Exports)	2,007.91	1,599.59
b). Outgo (CIF value of Imports and expenditure in foreign currency)	601.72	369.79

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, 2014.

Persons employed throughout the financial year, who were in receipt of remuneration which, in the aggregate, was not less than ₹60,00,000/- per annum

Sr. No.	Name of employee	Designation/ Nature of duties	Remuneration (in ₹ lac)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last employment
1.	Mr. S.P. Oswal	Chairman & Managing Director	1,868.93	M.Com	72	47	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 optimise shareholders' value and fulfil 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 hallmarks 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 2013-2014, the Board met 4 times on the following dates:

- 28th May, 2013
- 5th August, 2013
- 8th November, 2013
- 4th February, 2014

ii) Composition as on March 31st, 2014:

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
Mr. S.P. Oswal	Chairman and Managing Director	4	Yes	11	-	5	-
Mr. Arun Kumar Purwar	Non- Executive Independent Director	1	No	9	4	1	2
Mr. Neeraj Jain	Executive Director	4	Yes	3	-	-	-
Mr. Prafull Anubhai Shah	Non- Executive Independent Director	4	Yes	4	7	1	2
Dr. S.K. Bijlani	Non- Executive Independent Director	2	No	2	-	-	-
Mr. Sachit Jain	Executive Director	4	Yes	13	3	1	3
Mr. D.L. Sharma	Non- Executive Director	4	No	5	5	1	-
Mr. A. K Kundra	Non- Executive Independent Director	4	No	2	1	1	1
Mrs. Suchita Jain	Executive Director	4	No	7	1	-	-
Mr. Shravan Talwar	Non- Executive Independent Director	1	No	2	-	-	-
*Mr. S. Padmanabhan	Non- Executive Independent Director	3	No	-	-	-	-

Mr. S.P. Oswal, Mr. Sachit Jain, Mrs. Suchita Jain are related among themselves. None of the other Directors is related to any other Director of the Company.

* The nomination of Mr. S. Padmanabhan, the nominee of IDBI Ltd. on the Board of the Company was withdrawn by IDBI Ltd. w.e.f. 12th April, 2014 and Mr. S. Khatanhar was nominated in his place.

3. Audit Committee:

As at 31st March, 2014, the Audit Committee comprised of 5 Directors i.e. Mr. Prafull Anubhai, Mr. A.K Kundra, Mr. D.L. Sharma, Dr. S.K. Bijlani and Mr. Shravan Talwar. Mr. Prafull Anubhai is the Chairman of the Committee. Ms. Karan Kamal Walia 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 2013-2014 on the following dates:

- 28th May, 2013
- 5th August, 2013
- 8th November, 2013
- 4th February, 2014

The attendance of members of the Audit Committee during the financial year 2013-2014 is given below: -

Committee Members	Category	No. of Audit Committee Meetings Attended
Mr. Prafull Anubhai	Non-Executive Director	4
Dr. S.K. Bijlani	Non-Executive Director	2
Mr. A.K Kundra	Non-Executive Director	4
Mr. D.L Sharma	Non-Executive Director	4
Mr. Shravan Talwar	Non-Executive Director	1

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.

A detail of remuneration paid to the Directors during the year 2013-2014 is as given below:

(in ₹ lac)

Name	Designation	Salary	Perquisites & Allowances	Retirement Benefit	Commission	Gross remuneration
Mr. S.P. Oswal	Chairman & Managing Director	43.05	20.26	5.17	1800.45	1,868.93
Mr. Sachit Jain	Executive Director	25.50	10.81	3.36	19.13	58.80
Mrs. Suchita Jain	Executive Director	17.70	10.90	2.42	13.28	44.30
Mr. Neeraj Jain	Executive Director	16.20	13.07	2.24	12.15	43.66

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 2013-14 is given hereunder: -

Name of Director	Sitting Fee (₹)
Mr. Prafull Anubhai	1,30,000
Mr. A.K. Kundra	1,45,000
Dr. S.K. Bijlani	35,000
Mr. S.Padmanabhan (IDBI Nominee)	55,000
Mr. A.K. Purwar	20,000
Mr. Shravan Talwar	35,000

5. Shareholding of Directors as on 31.03.2014:

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

Name of Directors	Number of Shares held
Mr. S.P. Oswal	643,156
Mrs. Suchita Jain	261,334
Mr. Sachit Jain	40,005
Mr. D.L. Sharma	3,319

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

6. Shareholders'/Investors' Grievance Committee :

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

As at 31st March, 2014, 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 31st March, 2014.

During the financial year 2013-2014, the Company has received 40 complaints related to non-receipt of dividend, bonus shares and annual report, etc. All the complaints have been duly resolved by the Company and there is no pendency in respect of shares received for transfer during 2013-2014 except those that are disputed/ sub-judice.

7. Remuneration Committee:

The Remuneration Committee of the Company decides the

remuneration packages for its Managing Director and Whole-time Directors including Executive Director.

As at 31st March, 2014, the Remuneration Committee comprised of 3 Directors i.e. Mr. Prafull Anubhai, Mr. A.K. Kundra and Mr. Shravan Talwar. Mr. Prafull Anubhai is the Chairman of the Committee. Ms. Karan Kamal Walia is the Secretary of the Committee.

8. Corporate Social Responsibility (CSR) Committee:

The Board of Directors in its meeting held on 4th February, 2014 constituted a CSR Committee as per the provisions of Companies Act, 2013 to frame the CSR Policy and to ensure effective implementation of the CSR activities as per the approved policy. The Committee comprises of Mr. A.K. Kundra, Mr. Sachit Jain, Mr. Neeraj Jain and Mr. D.L. Sharma. Mr. A. K. Kundra is the Chairman of the Committee. Ms. Karan Kamal Walia is the Secretary of the Committee.

9. 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
40 th Annual General Meeting for the Financial year ended 31 st March, 2013.	Saturday, 31 st August, 2013 at 12.00 noon.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	1
39 th Annual general Meeting for the Financial year ended 31 st March, 2012.	Saturday, 1 st September, 2012 at 05.00 p.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	Nil
38 th Annual general Meeting for the Financial year ended 31 st March, 2011.	Saturday, 23 rd July, 2011 at 10.00 a.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	Nil

The Company has not passed any resolution through postal ballot, during the financial year 2013-2014.

10. 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.

11. 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) 41st Annual General Meeting:

Date: 24th September, 2014

Time: 11:30 a.m.

Venue: Regd. Office, Chandigarh Road, Ludhiana-141 010.

ii) Financial Calendar 2014-2015 (Tentative)

First Quarter Results : August, 2014

Second Quarter Results : November, 2014

Third Quarter Results : February, 2015

Annual Results : May, 2015

iii) Dates of Book Closure : 5th September, 2014 to 24th September, 2014 (both days inclusive)

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

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 2014-15.

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 of NSE vis-a-vis BSE during the financial year 2013-14 is given below: -

Financial Year 2013-14	Share Prices of Vardhman Textiles Limited on NSE				Share Prices of Vardhman Textiles Limited on BSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing	Highest	Lowest	Closing	%age change over last month's closing
April	277.90	250.10	272.80	3.84	277.80	252.00	271.45	2.43
May	276.75	240.00	265.00	-2.86	281.90	241.00	265.00	-2.38
June	280.00	243.00	269.95	1.87	281.00	242.10	270.50	2.08
July	301.95	262.75	285.05	5.59	300.00	262.55	284.40	5.14
August	326.00	278.45	308.40	8.19	325.00	278.10	308.40	8.44
September	338.00	300.05	333.90	8.27	337.95	304.90	336.55	9.13
October	361.00	326.45	354.95	6.30	359.00	326.00	354.55	5.35
November	411.00	344.25	391.65	10.34	410.25	345.00	390.75	10.21
December	425.00	361.10	376.75	-3.80	399.50	360.00	375.80	-3.83
January	393.25	342.35	359.70	-4.53	393.00	340.20	359.90	-4.23
February	378.00	337.00	345.80	-3.86	380.00	335.45	345.75	-3.93
March	365.00	326.10	353.25	2.15	366.35	326.35	353.25	2.17

viii) Information regarding Dividend Payment:

a) Dividends remaining unpaid/unclaimed upto the financial year 2005-2006 has been transferred to the Investors' Education and Protection Fund (IEPF). Further, pursuant to the provisions of Section 124 read with Section 125 of the Companies Act, 2013, dividend declared in the financial year 2006-2007 has been transferred to IEPF on 12th May, 2014. The dividend declared from financial year 2007-08 and onwards, which remains unpaid/unclaimed for a period of 7 years, will be transferred to the IEPF. It may be noted that any person claiming to be entitled to the amount of dividend transferred to IEPF may apply to the concerned authority constituted by Central Government in this regard. Members who have not claimed their dividend for the financial year 2007-08 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 Textiles Limited)
1E/13, Alankit Heights, 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 10 days. The list of valid transfers prepared by the Transfer Agent in respect of transfer cases received by them and objections, if any, are placed before the Committee for its approval/confirmation. The Share Certificates are returned back to the shareholders by Transfer Agent 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, 2014:

Range	Shareholders		Shares		
	No. of Shares	Numbers of total Holders	% to Total Holders	Numbers of shares Held	% to Total Shares
Upto-500		17,862	87.576	2,045,721	3.214
501-1000		1,295	6.349	923,934	1.452
1001-2000		589	2.888	848,897	1.334
2001-3000		176	0.863	439,965	0.691
3001-4000		85	0.417	297,918	0.468
4001-5000		59	0.289	272,411	0.428
5001-10000		127	0.623	933,358	1.466
10001- above		203	0.995	57,889,675	90.947
Total		20,396	100	63,651,879	100

xii) Dematerialisation of shares:

As on 31st March, 2014, 97.97% of the capital comprising 62,358,618 shares, out of total of 63,651,879 shares, were dematerialised.

xiii) Plant Location:

Arihant Spinning Mill
Industrial Area, Malerkotla-148 023

Anant Spinning Mills
New Industrial Area, Mandideep-462 046
Arisht Spinning Mills
Vill. Baddi, Teh. Nalagarh, Distt. Solan (H.P.)- 173 205
Auro 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 Weaving Mills
Vill. Baddi, Teh. Nalagarh, Distt. Solan (H.P.) - 173 205.

Auro Textiles,
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 Mills
Vill. Baddi, Teh. Nalagarh, Distt. Solan (H.P.)- 173 205

Vardhman Spinning and General Mills (Unit-I&II),
Chandigarh Road, Ludhiana-141 010.

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-141 010

Tel : 0161-2228943-48

Fax : 0161-2601048, 2220766

E-mail : secretarial.lud@vardhman.com

(Exclusively for redressal of investors' grievances)

CHAIRMAN & MANAGING DIRECTOR'S DECLARATION

I, S.P. Oswal, Chairman & Managing Director of Vardhman Textiles Limited 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, 2014.

PLACE : Mumbai
DATED : 23rd May, 2014

S.P. Oswal
Chairman & Managing Director

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, 2014, 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: 23rd May, 2014

(Sanjiv Mohan)
Partner
Membership No. 86066

Independent Auditor's Report

To
The Members of
Vardhman Textiles Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Vardhman Textiles Limited ('the Company'), which comprise the Balance sheet as at March 31, 2014, and the Statement of profit and loss and Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

5. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
6. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance sheet, Statement of Profit and Loss, and Cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance sheet, Statement of Profit and Loss, and Cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For S.C. Vasudeva & CO.
Chartered Accountants
Firm Reg. No. 000235N

Place: New Delhi
Dated: 23rd May, 2014

Sanjiv Mohan
Partner
M. No. 86066

Annexure to Independent Auditor's Report

(Referred to in paragraph 5)

- 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 with in 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(ii)(b)(c) and 9(d) of the above said order are not applicable to the Company.
- b) According to the information and explanations given to us, the rate of interest and other terms and conditions in respect of unsecured loan given by the Company, are not prima-facie prejudicial to the interest of the Company.
- c) 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 was regular.
- d) The Company has during the year taken unsecured loans from sixteen companies covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transaction is ₹26,969.04 lac. The amount payable as at the close of the year is ₹1,605.58 lac.
- e) 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.
- f) 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 was 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 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 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 lac or more in respect of the party during the year, have been made at price 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 not accepted deposits from public during the year covered under 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.
- 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, 2014, 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 ₹9,650.16 lac that have not been deposited on account of matters pending before the appellate authorities in respect of sales tax, custom duty, service tax, excise duty and income tax are given below:

Nature of Dues/Name of Statute	Disputed Amount (₹ in lac)	Financial year to which amount relates	Forum where Dispute is pending
Sales tax/Central Sales Tax/ Entry Tax			
M. P. VAT Act, 2002	38.58	2006-07	Deputy Commissioner (Appeal), Commercial Tax, Bhopal
The Maharashtra Sales Tax Act, 1956	1.80	2005-06	Deputy Commissioner of Sales Tax, Mumbai
Central Sales Tax Act, 1956	6.19	2009-10	Deputy Excise & Taxation Commissioner (Appeal), Jalandhar.
The Punjab VAT Act, 2005	0.83	2002-03	Joint Director (Enforcement), Patiala
M.P. Commercial Tax Act, 1994	0.52	2001-02	Add. Commissioner Commercial Tax, Bhopal
Central Sales Tax Act, 1956	11.16	2010-11	Add. Commissioner Commercial Tax, Bhopal
The Entry Tax Act, 1976	13.04	2003-04 & 2010-11	Add. Commissioner Commercial Tax, Bhopal
The Entry Tax Act, 1976	5.03	2000-01	Asstt. Commissioner Commercial Tax, Bhopal
Excise/Custom Duty			
Central Excise Act, 1944	870.40	2003-04 to 2010-11	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
Customs Act, 1962	7.15	2006-07	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	1.25	2006-07 to 2010-11	Commissioner (Appeals), Bhopal
Central Excise Act, 1944	112.62	2003-04 & 2005-06	Hon'ble Supreme Court, New Delhi
Central Excise Act, 1944	0.17	2002-03	Asstt. Commissioner Central Excise, Ludhiana
Central Excise Act, 1944	4.88	2013-14	Commissioner (Appeals) Jalandhar
Central Excise Act, 1944	3.55	2005-06	Additional. Commissioner Central Excise, Ludhiana
Central Excise Act, 1944	1.68	2005-06 & 2006-07	Commissioner(Appeals) Central Excise & Customs, Chandigarh
Service tax			
Finance Act, 1994	13.67	2006-07	Commissioner (Appeals) Central Excise, Chandigarh
Finance Act, 1994	11.22	2008-09	Ministry of Finance, Department of Revenue, New Delhi
Finance Act, 1994	113.20	2010-11	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
Income Tax			
Income Tax Act, 1961	37.99	2001-02 & 2002-03	Income Tax Appellate Tribunal, Chandigarh
Income Tax Act, 1961	8395.23	2010-11	CIT (Appeals) Ludhiana

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 2014. 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. The Company has not raised any money by way of public issue during the year. Accordingly the provisions of clause 4 (xx) of the above said order are not applicable to the Company.
- xxi. According to the information and explanations given to us by the management and based upon the audit procedures performed we report that no fraud on or by the Company has been noticed or reported during the year.

For S.C. Vasudeva & CO.
Chartered Accountants
Firm Reg. No. 000235N

Sanjiv Mohan
Partner

Place: New Delhi
Dated: 23rd May, 2014

M. No. 86066

Balance Sheet as at 31st March, 2014

(₹ in lac)

	Note no.	As at 31 st March 2014	As at 31 st March 2013
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	6,365.19	6,365.19
(b) Reserves and surplus	4	278,466.53	221,291.77
		284,831.72	227,656.96
(2) Non-current liabilities			
(a) Long-term borrowings	5	192,506.40	198,496.05
(b) Deferred tax liabilities (net)	6	26,614.71	22,714.25
(c) Other long term liabilities	7	1,234.31	1,027.77
(d) Long-term provisions	8	441.51	416.52
		220,796.93	222,654.59
(3) Current liabilities			
(a) Short-term borrowings	9	83,550.26	75,764.64
(b) Trade payables	10	9,661.11	4,627.90
(c) Other current liabilities	11	80,852.49	56,748.43
(d) Short-term provisions	12	8,326.17	4,879.81
		182,390.03	142,020.78
TOTAL		688,018.68	592,332.33
II ASSETS			
(1) Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		276,041.55	232,781.43
(ii) Intangible assets		1,426.79	770.51
(iii) Capital work-in-progress		8,457.60	21,289.51
		285,925.94	254,841.45
(b) Non-current investments	14	49,318.45	29,319.02
(c) Long-term loans and advances	15	8,894.76	14,259.40
(d) Other non-current assets	16	3,004.88	5,446.96
		347,144.03	303,866.83
(2) Current assets			
(a) Current investments	17	21,915.88	26,611.20
(b) Inventories	18	187,154.48	149,944.48
(c) Trade receivables	19	73,556.60	63,191.61
(d) Cash and bank balances	20	5,274.51	2,662.91
(e) Short-term loans and advances	21	51,185.61	44,268.78
(f) Other current assets	22	1,787.57	1,786.52
		340,874.65	288,465.50
TOTAL		688,018.68	592,332.33
See accompanying notes forming part of the financial statements	1 to 51		

As per our report of even date

For S. C. Vasudeva & Co.,
Chartered Accountants
Firm Regn. No.: 000235N

For and on behalf of the Board of Directors

SANJIV MOHAN
Partner
M. No. 086066

KARAN KAMAL WALIA
(Company Secretary)

RAJEEV THAPAR
(CGM Finance,
Accounts & Taxation)

SACHIT JAIN
(Executive Director)

S.P. OSWAL
(Chairman and
Managing Director)

PLACE : Ludhiana
DATED: 23rd May, 2014

PLACE : Mumbai
DATED : 23rd May, 2014

Statement of Profit and Loss for the year ended 31st March, 2014

(₹ in lac)

	Note no.	For the year ended 31 st March 2014		For the year ended 31 st March 2013
(i) Revenue from operations (gross)	23		517,186.54	416,076.91
Less : Excise duty			55.58	105.86
Revenue from operations (net)			517,130.96	415,971.05
(ii) Other income	24		6,458.24	5,489.82
(iii) Total revenue (i) + (ii)			523,589.20	421,460.87
(iv) Expenses :				
Cost of materials consumed	25		251,238.65	209,637.34
Purchases of stock-in-trade	26		5,713.29	2,689.72
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27		(22,946.74)	(8,981.42)
Employee benefits expense	28		32,016.68	26,834.33
Finance costs	29		15,182.75	17,434.77
Depreciation and amortisation expense	13		29,412.59	25,385.78
Other expenses	30		125,033.83	102,976.75
Total expenses			435,651.05	375,977.27
(v) Profit before tax (iii) - (iv)			87,938.15	45,483.60
(vi) Tax expense :				
- Current tax		18,850.00		10,682.00
- Deferred tax		3,900.46	22,750.46	2,429.03
(vii) Profit for the year (v) - (vi)			65,187.69	32,372.57
Earnings per equity share (of ₹10/- each)				
Basic			102.41	50.86
Diluted			102.41	50.86
See accompanying notes forming part of the financial statements	1 to 51			

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

For and on behalf of the Board of Directors

SANJIV MOHAN
Partner
M. No. 086066

KARAN KAMAL WALIA
(Company Secretary)

RAJEEV THAPAR
(CGM Finance,
Accounts & Taxation)

SACHIT JAIN
(Executive Director)

S.P. OSWAL
(Chairman and
Managing Director)

PLACE : Ludhiana
DATED: 23rd May, 2014

PLACE : Mumbai
DATED : 23rd May, 2014

Cash Flow Statement for the year ended 31st March, 2014

(₹ in lac)

	For the year ended 31 st March 2014		For the year ended 31 st March 2013	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Extraordinary items and tax		87,938.15		45,483.60
Adjustments for :				
Depreciation and amortisation	29,412.59		25,385.78	
Interest expense	16,344.15		19,343.55	
Interest income	(2,156.19)		(2,797.99)	
Dividend income	(2,132.79)		(1,315.54)	
(Profit)/Loss on sale of Assets(Net)	(478.63)		(543.97)	
(Profit)/Loss on sale of Investments (Net)	(1,673.28)		(744.18)	
Provision no longer required written Back(Net)	(570.16)		(177.11)	
Sundry balance written back	(13.92)		(66.91)	
Excess income written off	137.35		40.11	
Fixed assets written off	86.34		60.41	
Bad debts written off	147.36		181.88	
Allowances for doubtful trade receivables and advances written back	(86.84)		(146.93)	
Provision for fall in value of investments written back	(2.33)		(89.55)	
		39,013.65		39,129.55
Changes in Working capital		126,951.80		84,613.15
Adjustments for :				
(Increase)/Decrease in Trade and other Receivables	(10,483.70)		(31,925.85)	
(Increase)/Decrease in Inventories	(37,210.00)		(18,421.39)	
Increase/(Decrease) in Trade Payables and other Liabilities	11,045.56		3,627.95	
		(36,648.14)		(46,719.29)
Cash generated from Operations		90,303.66		37,893.86
Net income tax paid	(18,473.38)	(18,473.38)	(10,976.26)	(10,976.26)
Net cash flow from/ (used in) operating activities		71,830.28		26,917.60
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(60,603.37)		(47,625.95)	
Proceeds from sale of Fixed Assets	498.61		1,107.73	
Purchase of Investments	(34,380.25)		(20,513.00)	
Proceeds from sale of Investments	20,751.74		16,888.29	
Interest received				
-subsiidiaries	68.90		37.61	
-others	2,520.35		1,890.83	
Dividend received				
-subsiidiaries	1,051.57		744.56	
-others	1,081.22		570.98	
Net Cash used in investing activities		(69,011.23)		(46,898.95)

Cash Flow Statement for the year ended 31st March, 2014

(₹ in lac)

	For the year ended 31 st March 2014		For the year ended 31 st March 2013	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings(Net)	12,456.03		14,635.66	
Proceeds/ (Repayment) from Short Term Borrowings(Net)			-	
-subsidiaries	1,457.78		(3,419.85)	
-others	6,327.84		28,030.93	
Capital Subsidy received	-		30.00	
Dividend Paid (including taxes)	(4,280.54)		(3,223.29)	
Interest Paid	(16,168.56)		(19,250.76)	
Net Cash flow from/(used in) Financing Activities		(207.45)		16,802.69
Net Increase in cash and cash equivalents		2,611.60		(3,178.67)
Cash and cash equivalents at the beginning of the year		2,662.91		5,841.58
Cash and cash equivalents at the end of the year		5,274.51		2,662.91
Bank Balances not considered as cash and cash equivalents		2,552.23		5,002.08
See accompanying notes forming part of the financial statements				

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

For and on behalf of the Board of Directors

SANJIV MOHAN
Partner
M. No. 086066

KARAN KAMAL WALIA
(Company Secretary)

RAJEEV THAPAR
(CGM Finance,
Accounts & Taxation)

SACHIT JAIN
(Executive Director)

S.P. OSWAL
(Chairman and
Managing Director)

PLACE : Ludhiana
DATED: 23rd May, 2014

PLACE : Mumbai
DATED : 23rd May, 2014

Notes to Financial Statements for the year ended 31st March, 2014

1. CORPORATE INFORMATION

Vardhman Textiles Limited (The Company) is a public Company incorporated under the provisions of the Companies Act, 1956 on 8th October, 1973. The name of the Company at its incorporation was Mahavir Spinning Mills Ltd. & subsequently changed to Vardhman Textiles Limited on 5th September, 2006. The Company is engaged in manufacturing of Cotton yarn, Synthetic yarn & woven fabric.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

2. 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 recognised in the period in which the results materialise.

(c) Revenue Recognition:

i) Sales:

Revenue from sale of goods is recognised:

- (a) 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
- (b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

(ii) Export Incentives :

Revenue in respect of the export incentives is recognised on post export basis.

(iii) Interest:

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

(iv) Dividend:

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

(v) Insurance and Other Claims

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

(d) Employees Benefits:

(a) Short Term Employee Benefits :

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

(b) Post Employment Benefits :

(i) Defined Contribution Plans:

(1.1) Provident Fund :

The Employer's contribution to Provident Fund and Employees Pension Scheme, a defined contribution plan is made in accordance with the Provident Fund Act, 1952 read with the Employees Pension Scheme, 1995.

(1.2) 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 recognised as an expense in the period in which it falls due.

(ii) Defined Benefit Plans

(1.1) Gratuity :

The Employees Gratuity Fund Scheme, managed by Employee's Group Gratuity Trust is a defined benefit plan. The liability for gratuity is provided on the basis of actuarial valuation carried out by an independent actuary at the balance sheet date

Notes to Financial Statements for the year ended 31st March, 2014

using projected unit credit method. The Present Value of the Company's obligation is determined on the basis of actuarial valuation at the year end and the fair value of plan assets is reduced from the gross obligations under the gratuity scheme to recognise the obligation on a net basis.

(iii) Actuarial gain or loss is recognised immediately in the statement of profit or loss.

(iv) Long Term Employee Benefits

The liability for leave encashment and other compensated absences is recognised on the basis of actuarial valuation carried out by an independent actuary at the balance sheet date by using projected unit credit method.

(e) Fixed Assets:

- i. Fixed Assets are stated at historical cost less accumulated depreciation.
- ii. Cost of fixed assets comprise 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 amortisation.

(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 ₹5000/- or below is charged @ 100% per annum on proportionate basis.

(h) Amortisation:

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

(i) Investments:

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

(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 progress 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 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 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) 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.

Notes to Financial Statements for the year ended 31st March, 2014

(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 in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency as 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 contract is amortised 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 recognised 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 and put and call derivative options to hedge the transactions in the nature of firm commitments and/or highly probable forecast transactions is recognised in the statement of Profit and Loss. The profit, if any arising thereon is ignored.
- (v) In respect of foreign branch, which is in the nature of integral foreign operations, all transactions (except fixed assets, monetary assets, monetary liabilities and depreciation on fixed assets) are translated at average monthly rates which approximates to the actual rates at the date of transaction. Branch monetary assets & liabilities are re-instated at the year-end rates. Fixed assets are translated as at the date of transaction. Depreciation is translated at the rates applied for translation of fixed assets.

(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) Cash flow statement :

The cash flow statement has been in accordance with the Accounting Standard (AS) – 3 on “Cash flow statements” issued by the Companies (Accounting Standard) Rules, 2006.

(u) Provision and Contingent Liabilities :

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

Notes to Financial Statements for the year ended 31st March, 2014

3. SHARE CAPITAL

Particulars	As at 31 st March 2014		As at 31 st March 2013	
	Number (in lac)	(₹ in lac)	Number (in lac)	(₹ in lac)
Authorised				
Equity shares of ₹10/- each (par value)	900.00	9,000.00	900.00	9,000.00
Redeemable cumulative preference shares of ₹10/- each (par value)	100.00	1,000.00	100.00	1,000.00
Total	1,000	10,000	1,000.00	10,000
Issued, subscribed and fully paid-up				
Equity shares of ₹10/- each	636.52	6,365.19	636.52	6,365.19
Total	636.52	6,365.19	636.52	6,365.19

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

Equity shares	As at 31 st March 2014		As at 31 st March 2013	
	Number (in lac)	(₹ in lac)	Number (in lac)	(₹ in lac)
At the beginning of the reporting period	636.52	6,365.19	636.52	6,365.19
Add: Issued during the reporting period	-	-	-	-
Outstanding at the end of the reporting period	636.52	6,365.19	636.52	6,365.19

b. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2014 the amount of per share dividend recognised as distributions to equity shareholders was ₹11 per share (Previous Year: ₹6).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The rate of dividend on preference shares will be decided by the Board of Directors as and when issued. Preferential shares as and when issued shall have the cumulative right to receive dividend as and when declared and shall have preferential right of repayment of amount of capital.

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

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

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

	Aggregate number of shares as at 31 st March 2014	Aggregate number of shares as at 31 st March 2013
Equity Shares allotted as fully paid up by way of bonus shares	-	-
Equity Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	-	-
Equity Shares bought back by the Company	-	-

Notes to Financial Statements for the year ended 31st March, 2014

3. SHARE CAPITAL (contd.)

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

Class of shares and Name of shareholder	As at 31 st March 2014		As at 31 st March 2013	
	(₹ in lac)	% shareholding	(₹ in lac)	% shareholding
Equity shares of ₹10/- each fully paid				
Devakar Investment and Trading Co. Private Limited	55.41	8.70	55.41	8.70
Adinath Investment and Trading Company	129.48	20.34	128.42	20.81
Vardhman Holdings Limited	154.03	24.20	154.03	24.20
IDFC Premier Equity Fund	36.55	5.74	-	-

f. Terms of securities convertible into equity/preference shares: N.A.

4. RESERVES AND SURPLUS

(₹ in lac)

Particulars	As at 31 st March 2014		As at 31 st March 2013	
Capital Reserve*				
Balance as per the last financial statements	409.33		379.33	
Add: Amount received during the year	-		30.00	
Closing Balance		409.33		409.33
Securities Premium account				
Balance as per the last financial statements		20,990.54		20,990.54
General Reserve				
Balance as per the last financial statements	144,702.34		141,202.34	
Add: Transferred from surplus in the statement of profit and loss	6,600.00		3,500.00	
Closing Balance		151,302.34		144,702.34
Surplus i.e. balance in the Statement of Profit and Loss				
Balance as per the last financial statements	55,189.56		30,664.37	
Add: Profit for the period transferred from statement of profit and loss	65,187.69		32,372.57	
Add: Corporate dividend tax written back	178.71		120.79	
Less: Appropriations				
Proposed equity dividend (amount per share ₹11) (Previous Year ₹6)	7,001.71		3,819.11	
Tax on dividend	1,189.93		649.06	
Transferred to general reserve	6,600.00		3,500.00	
Closing Balance		105,764.32		55,189.56
Total		278,466.53		221,291.77

* The capital reserve includes ₹285 lac (Previous Year: ₹285 lac) being the amount of capital subsidy received on account of government grant from respective state governments treated as promoter contribution for setting up of new industrial projects.

5. LONG-TERM BORROWINGS

(₹ in lac)

Particulars	As at 31 st March 2014		As at 31 st March 2013	
Term loans (Secured) :				
From banks	239,159.49		226,703.45	
Less: Current maturities of long term borrowings (refer note-11)	46,653.09	192,506.40	28,207.40	198,496.05
Total		192,506.40		198,496.05

Notes to Financial Statements for the year ended 31st March, 2014

5. LONG-TERM BORROWINGS (contd.)

a) Details of security for term loans

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 movable assets including movable machinery, machinery parts, tools and accessories and other movable 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.

b) Term of repayment of term loans*

₹ in lac		Repayment Period		Installments outstanding as on 31 st March 2014			
		Current Year (Years)	Previous Year (Years)	Current Year (No.)	Previous Year (No.)	Periodicity of repayment	
Balance As at 31 st March 2014	Balance As at 31 st March 2013					Current Year	Previous Year
-	205.39	8	8	-	1	Quarterly	Quarterly
9,838.18	16,429.83	8	8	5	9	Quarterly	Quarterly
2,453.87	3,307.39	8	8	7	11	Quarterly	Quarterly
9,600.00	11,100.00	8	8	8	12	Quarterly	Quarterly
52,532.39	59,490.08	8	8	9	13	Quarterly	Quarterly
11,440.55	13,002.06	8	8	10	14	Quarterly	Quarterly
12,645.00	15,025.00	8	8	11	15	Quarterly	Quarterly
2,776.00	3,108.00	8	8	12	16	Quarterly	Quarterly
1,462.50	2,725.00	8	8	13	25	Monthly	Monthly
14,700.00	16,300.00	8	8	13	17	Quarterly	Quarterly
19,200.00	20,000.00	5	5	16	20	Quarterly	Quarterly
32,525.00	11,750.70	5	5	17	20	Quarterly	Quarterly
10,206.00	8,800.00	5	5	18	20	Quarterly	Quarterly
6,000.00	4,000.00	5	5	19	20	Quarterly	Quarterly
1,000.00	-	8	-	20	-	Quarterly	Quarterly
15,200.00	2,600.00	5	5	20	20	Quarterly	Quarterly
1,780.00	1,860.00	8	8	21	25	Quarterly	Quarterly
13,100.00	13,900.00	8	8	22	26	Quarterly	Quarterly
22,700.00	23,100.00	8	8	24	28	Quarterly	Quarterly
239,159.49	226,703.45						

* Figures of term loan stated above in para (b) includes current maturities of long term debt shown separately in note 11

6. DEFERRED TAX LIABILITIES (NET)

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation /amortisation charged for the financial reporting period	27,420.03	23,401.26
Gross deferred tax liability	27,420.03	23,401.26
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	805.32	687.01
Gross deferred tax asset	805.32	687.01
Deferred tax liability (Net)	26,614.71	22,714.25

Notes to Financial Statements for the year ended 31st March, 2014

7. OTHER LONG-TERM LIABILITIES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Other liabilities		
Retention money	12.66	59.47
Security payable	1.10	0.52
Due to employees	18.33	48.20
Others	1,202.22	919.58
Total	1,234.31	1,027.77

8. LONG-TERM PROVISIONS

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Provision for employee benefits :		
- Leave encashment	441.51	416.52
- Gratuity	-	-
Total	441.51	416.52

9. SHORT-TERM BORROWINGS

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Working capital loans from Banks		
- From banks (secured)	79,751.01	75,616.84
- From banks (unsecured)	2,018.67	-
Loans repayable on demand		
- From related parties (unsecured)	1,605.58	147.80
- From others (unsecured)	175.00	-
Total	83,550.26	75,764.64

Details of security for working capital borrowings

Working capital borrowings from banks are secured by way of 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.

Terms:-

- i) From banks carries interest @ 9.95% to 12.70% p.a. (Previous Year 9.70% to 12.50% p.a)
- ii) From related parties carries interest @ 9% to 10.25% p.a. (Previous Year 9.50% to 10% p.a.)
- iii) From others carries interest @ 12.50 % p.a. (Previous Year 10.50% p.a)

10. TRADE PAYABLES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Trade payables		
Due to others (refer note 40)	9,523.09	4,627.90
Due to subsidiary companies	138.02	-
Total	9,661.11	4,627.90

Notes to Financial Statements for the year ended 31st March, 2014

11. OTHER CURRENT LIABILITIES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Current maturities of long-term debt (refer note 5b)	46,653.09	28,207.40
Interest accrued but not due on borrowings	585.48	409.89
Rent received in advance	-	8.00
Unpaid dividends #	118.78	109.86
Other payables		
- Statutory remittances**	2,631.60	2,151.11
- Retention money	913.03	843.77
- Security deposits	53.47	140.73
- Expense payable	17,044.41	11,379.30
- Payables on purchase of fixed assets	1,563.18	5,656.31
- Advances from customers	7,648.73	5,349.22
- Due to employees	3,640.72	2,492.84
Total	80,852.49	56,748.43

** Statutory remittances includes contribution to provident fund and ESIC, tax deducted at source, excise duty, vat, service tax etc.

Unpaid dividends do not include any amount due and outstanding required to be credited to the Investors' Education and Protection Fund.

12. SHORT-TERM PROVISIONS

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Provision for employee benefits :		
Leave encashment	93.19	79.00
Gratuity	41.34	332.64
Others		
Provision for proposed dividend on equity shares	7,001.71	3,819.11
Provision for tax on proposed dividend	1,189.93	649.06
Total	8,326.17	4,879.81

Notes to Financial Statements for the year ended 31st March, 2014

13. FIXED ASSETS

(₹ in lac)

Particulars	Original Cost				Depreciation and Amortisation					Net Block		
	Balance as at 1 st April, 2013	Additions	Disposals	Other adjustments	Balance as at 31 st March, 2014	Balance as at 1 st April, 2013	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Other adjustments	Balance as at 31 st March, 2014	Balance as at 31 st March, 2014	Balance as at 31 st March, 2013
Tangible Assets:												
Free-hold Land	5,592.51	357.61	-	-	5,950.12	-	-	-	-	-	5,950.12	5,592.51
Leasehold Land	829.30	-	-	-	829.30	56.58	8.15 **	-	-	64.73	764.57	772.72
Buildings	70,255.81#	10,895.55	-	-	81,151.36	13,114.45	1,903.63	-	-	15,018.08	66,133.28	57,141.36
Plant and Equipment	349,155.74	60,355.98	2,327.58	315.50	406,868.64	182,247.27	26,679.37	2,183.19	406.16	206,337.27	200,531.35	166,908.47
Furniture and Fixtures	1,749.60	241.12	0.58	0.10	1,990.04	1,033.57	140.47	0.45	0.09	1,173.50	816.54	716.03
Vehicles	1,176.58	182.86	97.72	-	1,261.72	420.56	106.51	55.31	-	471.76	789.96	756.02
Office equipment	2,186.79	360.59	65.67	110.69	2,371.02	1,292.47	189.14	62.24	104.08	1,315.29	1,055.73	894.32
Total (A)	430,946.33	72,393.71	2,491.55	426.29	500,422.20	198,164.90	29,027.27	2,301.19	510.33	224,380.63	276,041.55	232,781.43
Intangible Assets:												
Computer Softwares	1,071.31	400.67	-	-	1,471.98	322.28	246.91	-	-	569.19	902.79	749.03
Right to use Power lines	1,089.08	640.93	-	-	1,730.01	1,067.60	138.41	-	-	1,206.01	524.00	21.48
Total (B)	2,160.39	1,041.60	-	-	3,201.99	1,389.88	385.32	-	-	1,775.20	1,426.79	770.51
Grand Total (A+B)	433,106.72	73,435.31	2,491.55	426.29	503,624.19	199,554.78	29,412.59	2,301.19	510.33	226,155.83	277,468.34	233,551.94
Previous Year	396,956.54	40,046.76	2,498.96	1,397.61	433,106.72	177,441.41	25,385.78	2,249.13	1,023.28	199,554.78	233,551.94	

#Includes ₹248.20 lac (Previous Year ₹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 ₹248.20 lac (Previous Year ₹248.20 lac).

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

- Freehold land includes ₹417.59 lac (Previous Year ₹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.

- Plant and Equipment amounting to ₹ Nil (Previous Year ₹535.25 lac) and Building amounting to ₹ Nil (Previous Year ₹54.55 lac) has been adjusted for the amounts allocated out of Project and Pre-operative incomes.

- Borrowing cost amounting to ₹ Nil (Previous Year ₹680.59 lac) has been capitalised during the year.

- Depreciation for the year includes net depreciation of ₹ (-) 819.63 lac (Previous Year ₹(-)217.55 lac) pertaining to earlier years.

- Intangible Assets are not internally generated.

Notes to Financial Statements for the year ended 31st March, 2014

14. NON-CURRENT INVESTMENTS (Long term investments)

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
I TRADE INVESTMENTS (at cost)		
a. Investment in equity instruments		
(i) Investment in subsidiaries (quoted)		
- 65,110,636 (Previous Year: 63,753,661) Equity shares of ₹10/- each fully paid up of Vardhman Acrylics Limited	5,966.28	5,802.74
(ii) Investment in subsidiaries (unquoted)		
- 18,515,060 (Previous Year: 15,180,060) Equity shares of ₹10/- each fully paid up of VMT Spinning Company Limited	2,856.40	1,518.01
- 4,000,000 (Previous Year: 4,000,000) Equity shares of ₹10/- each fully paid up of VTL Investments Limited	403.50	403.50
- 29,072,240 (Previous Year: 29,072,240) Equity shares of ₹10/- each fully paid up of Vardhman Yarns & Threads Limited	12,747.16	12,747.16
- 7,140,000 (Previous Year: 7,140,000) Equity shares of ₹10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited	714.00	714.00
(iv) Investment in associates (quoted)		
- 5,825,000 (Previous Year: 5,825,000) Equity shares of ₹10/- each fully paid up of Vardhman Special Steels Limited	582.50	582.50
(iii) Investment in associates (unquoted)		
- Nil (Previous Year: 300,000) Equity shares of ₹10/- each fully paid-up of Vardhman Textile Components Limited	-	30.00
- 25,000 (Previous Year: 25,000) Equity shares of ₹10/- each fully paid-up of Vardhman Spinning and General Mills Limited	2.50	2.50
b. Investment in preference instruments (unquoted)		
- 10,000,000 (Previous Year: Nil) 10% non-cumulative convertible preference shares of ₹10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited	1,000.00	-
II OTHER INVESTMENTS (at cost)		
a. Investment in equity instruments (unquoted)		
- 4,495 (Previous Year: 4,495) Equity shares of ₹10/- each fully paid-up of Shreshtha Holdings Ltd., 80 (Previous Year: 80) shares of ₹50/- each fully paid-up in the Valencia Co-operative Housing Society Limited, Mumbai and 5 (Previous Year: 5) shares of Dalamal House Commercial Complex Society Ltd, Mumbai	0.45	0.45
- 275,000 (Previous Year: Nil) Equity shares of ₹10/- each fully paid-up of Vardhman Textile Components Limited	27.50	-
- 41,000 (Previous Year: 41,000) Equity-Shares of ₹10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)	4.10	4.10
- 140,625 (Previous Year: 140,625) Equity shares of ₹10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited	14.06	14.06
b. Investment in mutual funds (quoted)		
Fixed maturity plans/Debt Funds		
- NIL (Previous Year: 75,000,000) Units of ₹10/- each of UTI Fixed Term Income fund series XIV-VIII - 371 days - Growth Plan \$		7,500.00
- 10,000,000 (Previous Year: Nil) Units of ₹10/- each of SBI debt Fund Series -A10-400 Days - Regular -Growth	1,000.00	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of SBI debt Fund Series -A14-380 Days - Direct -Growth	2,500.00	-
- 15,000,000 (Previous Year: Nil) Units of ₹10/- each of SBI debt Fund Series -A10-400 Days - Direct -Growth	1,500.00	-

Notes to Financial Statements for the year ended 31st March, 2014

14. NON-CURRENT INVESTMENTS (Long term investments) (contd.)

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of DSP Blackrock FMP-12.5M	2,500.00	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of Reliance Fixed Horizon Fund XXVI Series 2 Direct Growth Plan	2,500.00	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of BSL Fixed Term Plan -Series KR (385 Days)- Gr. Direct	2,500.00	-
- 50,000,000 (Previous Year: Nil) Units of ₹10/- each of ICICI Prudential FMP Series 73-390 Days Plan I Direct Plan Cumulative	5,000.00	-
- 30,000,000 (Previous Year: Nil) Units of ₹10/- each of UTI Fixed Term Income Fund Series XVIII-I (400 Days) Direct Growth Plan	3,000.00	-
- 20,000,000 (Previous Year: Nil) Units of ₹10/- each of Reliance Fixed Horizon Fund- XXV- Series 33- Direct Plan Growth Plan	2,000.00	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of Kotak FMP Series 149 Direct - Growth	2,500.00	-
Total	49,318.45	29,319.02
1. Aggregate amount of quoted investments	31,548.78	13,885.24
2. Aggregate Market value of quoted investments	34,128.76	17,012.83
3. Aggregate amount of unquoted investments	17,769.67	15,433.78
4. Aggregate provision for diminution in value of investments	-	-

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

15. LONG-TERM LOANS AND ADVANCES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
(unsecured, considered good)		
Capital advances	3,071.30	8,428.41
Security deposits	1,617.81	1,638.72
Other loans and advances :		
- Loans to employees	81.46	122.98
- Prepaid expenses	35.44	26.44
- Other recoverable	135.58	96.82
- Balance with government authorities	1,710.67	1,326.90
- Advance income-tax {net of provision for tax ₹80,552.76 lac (Previous Year ₹61,679.76 lac)}	2,242.50	2,619.13
Total	8,894.76	14,259.40

16. OTHER NON-CURRENT ASSETS

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
(unsecured considered good)		
- Fixed Deposits with banks more than twelve months maturity	2,552.23	5,002.08
- Interest Receivable	452.65	444.88
Total	3,004.88	5,446.96

Notes to Financial Statements for the year ended 31st March, 2014

17. CURRENT INVESTMENTS

(₹ in lac)

Particulars	As at 31 st March 2014		As at 31 st March 2013	
Current investments (valued at lower of cost and fair value)				
Investment in Debentures or Bonds (quoted)				
- Nil (Previous Year: 50) 12.95% Non Convertible Debentures of ₹1,000,000/- each of Cholamandalam Investments & Finance Company Limited	-		500.35	
Less : Provision for diminution in value of Investments	-	-	4.66	495.69
- 2,500,000 (Previous Year: Nil) 8.65% NABARD Bonds of ₹100/- each	2,476.67			
Less : Provision for diminution in value of Investments	6.17	2,470.50	-	-
- 500,000 (Previous Year: 500,000) 9.60% Non Convertible Debentures of Ballarpur Industries Ltd of ₹100/- each	508.18		507.83	
Less : Provision for diminution in value of Investments	3.30	504.88	7.14	500.69
Total		2,975.38		996.38
Investment in Mutual Funds (quoted)				
Fixed Maturity Plans/Debt Funds				
- 20,000,000 (Previous Year: 20,000,000) Units of ₹10/- each of SBI Debt Fund Series-366 Days 25-Dir. Growth		2,000.00		2,000.00
- 50,000,000 (Previous Year: 50,000,000) Units of ₹10/- each of SBI Debt Fund Series-366 Days 25-Reg. Growth		5,000.00		5,000.00
- 75,000,000 (Previous Year: NIL) Units of ₹10/- each of UTI Fixed Term Income fund series XIV-VIII - 371 days - Growth Plan #		7,500.00		-
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of Kotak FMP series 84- Growth #		-		2,500.00
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of Kotak FMP series 82- Growth #		-		2,500.00
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of ICICI Prudential FMP series 63 #		-		2,500.00
- Nil (Previous Year: 15,000,000) Units of ₹10/- each of UTI fixed maturity plan-Yearly FMP series : Institutional growth #		-		1,500.00
- Nil (Previous Year: 11,008,200) Units of ₹10/- each of UTI fixed maturity plan-Yearly FMP series : YFMP (03/12)-Growth plan #		-		1,100.82
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of SBI Debt Fund Series-13 months-Growth #		-		2,500.00
- Nil (Previous Year: 24,551,204) Units of ₹10/- each of DWS Premier Bond Fund - Premium Plus Plan - Growth		-		2,500.00
- Nil (Previous Year: 15,200,687) Units of ₹10/- each of ICICI Income Opportunities Inst.Growth		-		3,000.00
- Nil (Previous Year: 3,426,398) Units of ₹10/- each of Reliance Income Fund-Growth Plan-Bonus option		-		375.00
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of Kotak FMP series 106- Growth		2,500.00		-
Total		17,000.00		25,475.82
Investment in Liquid Funds / Debt Funds/ Monthly Income Plans (unquoted)				
- 189,514 (Previous Year: Nil) Units of ₹1,000/- each of SBI PLF Regular Plan Daily Dividend		1,901.29		-
Investment in Liquid Funds / Debt Funds/ Monthly Income Plans (unquoted) *				
- 3,917 (Previous Year: 13,900) Units of ₹1,000/- each of Morgan Stanley Liquid Fund- daily dividend		39.21		139.00
Total		1,940.50		139.00
Grand Total		21,915.88		26,611.20
1. Aggregate amount of quoted investments		19,984.85		26,484.00
2. Aggregate Market Value of quoted investments		21,409.65		28,193.96
3. Aggregate amount of unquoted investments		1,940.50		139.00
4. Aggregate provision made for diminution in value of investments		9.47		11.80

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

* These investments are under Portfolio Management Services

Notes to Financial Statements for the year ended 31st March, 2014

18. INVENTORIES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
(at cost or net realisable value, whichever is lower)		
Raw materials (includes in transit ₹751.78 lac (Previous Year ₹2,015.54 lac)	110,245.49	99,033.42
Work-in-progress	14,294.60	12,282.06
Finished Goods (includes in transit ₹150.84 lac (Previous Year ₹2.54 lac)	51,201.69	30,186.65
Stores and Spares (includes in transit ₹1,454.76 lac (Previous Year ₹1,304.16 lac)	11,412.70	8,442.35
Total	187,154.48	149,944.48

19. TRADE RECEIVABLES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Outstanding for a period exceeding six months from the date they are due for payment :		
- Unsecured, considered good unless otherwise stated	648.57	627.94
- Doubtful	8.77	75.33
Less: Allowances for doubtful trade receivables	8.77	75.33
	648.57	627.94
Other trade receivables :		
- Unsecured, considered good	72,908.03	62,563.67
Total	73,556.60	63,191.61

20. CASH AND BANK BALANCES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Cash and cash equivalents		
a) Balances with banks		
- In current accounts	4,738.41	2,353.59
- In deposit accounts with maturity upto three months	-	0.25
b) Cheques on hand	224.90	13.59
c) Cash on hand	167.77	132.86
d) Other bank balances		
- Earmarked balances with banks*	130.11	120.28
- Deposits with more than twelve months maturity	2,552.23	5,002.08
- Deposits with more than three months but less than twelve months maturity	13.32	42.34
	7,826.74	7,664.99
Less: Amounts disclosed as other non current assets (refer note 16)	2,552.23	5,002.08
Total	5,274.51	2,662.91

* Earmarked balances with banks includes ₹118.75 lac (Previous Year ₹109.83 lac) pertaining to dividend accounts with banks and ₹11.36 lac (Previous Year ₹10.45 lac) pledged with government authorities and others.

Notes to Financial Statements for the year ended 31st March, 2014

21. SHORT-TERM LOANS AND ADVANCES

(₹ in lac)

Particulars	As at 31 st March 2014		As at 31 st March 2013	
(unsecured considered good, unless otherwise stated)				
Loans and advances to related parties (refer note 42)				
Subsidiary companies		1,093.49		1,373.40
Others		1,350.40		-
Others:				
Balance with government authorities		14,614.64		8,662.57
Claims receivables		122.14		139.09
Advances to suppliers		19,784.25		26,225.35
Prepaid expenses		543.25		444.92
Other recoverables :				
- Considered good	13,677.44		7,423.45	
- doubtful	116.37		136.64	
	13,793.80		7,560.09	
Less: Allowances for doubtful advances	116.37	13,677.44	136.64	7,423.45
Total		51,185.61		44,268.78

22. OTHER CURRENT ASSETS

(₹ in lac)

Particulars	As at 31 st March 2014		As at 31 st March 2013	
(unsecured, considered good)				
Amount recoverable from Mahavir Share Trust in respect of shares held in Trust (refer note 34 and 35)		1,787.57		1,786.52
Total		1,787.57		1,786.52

23. REVENUE FROM OPERATIONS

(₹ in lac)

Particulars	For the year ended 31 st March 2014		For the year ended 31 st March 2013	
Sale of products		505,946.46		407,069.13
Sale of services		478.14		1,366.46
Other operating revenues :				
- Export benefits		9,748.61		6,834.11
- Others		1,013.33		807.21
Revenue from operations (Gross)		517,186.54		416,076.91
Less : Excise duty		55.58		105.86
Revenue from operations (Net)		517,130.96		415,971.05
Sale of products comprise :				
Yarn		298,005.61		252,345.57
Fabric		32,017.46		19,362.22
Processed fabric		156,509.82		117,334.04
Power		63.57		140.68
Miscellaneous		18,246.46		16,784.84
Raw material (cotton)		940.61		652.53
Raw material (fibre)		113.80		423.60
Raw material (others)		49.13		25.65
Total		505,946.46		407,069.13

Notes to Financial Statements for the year ended 31st March, 2014

24. OTHER INCOME

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Dividend Income from long-term trade investments		
- Subsidiaries	1,051.57	744.56
- Others	95.93	74.48
Dividend income from current investments	985.29	496.49
Net gain on sale of investments		
- Current investments	-	543.49
- Long-term investments	1,727.73	200.70
Claims received (net of expenses)	109.82	93.86
Provisions no longer required written back	570.16	177.11
Allowances for doubtful trade receivables and advances written back	86.84	146.93
Adjustments to carrying amount of investment		
- Reversal of reduction in the carrying amount of current investments	2.33	89.55
Prior period items (net) (refer note 44)	-	283.30
Net gain on sale of fixed assets	478.63	543.97
Miscellaneous	1,349.94	2,095.38
Total	6,458.24	5,489.82

25. COST OF MATERIALS CONSUMED *

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Cotton #	194,855.69	161,448.56
Manmade fibre	52,042.07	40,649.38
Yarn	4,257.03	7,486.55
Fabric	0.19	22.14
Others	83.67	30.71
Total	251,238.65	209,637.34

* Includes Cost of Goods sold

Cotton consumed is net of cotton issued for trial run production and insurance claim received on Raw material destroyed in fire of ₹ Nil (Previous Year ₹445.50 lac) & ₹10.12 lac (Previous Year ₹1,926.13 lac) respectively.

26. PURCHASES OF STOCK-IN-TRADE

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Fabric	80.68	78.65
Yarn	5,625.06	2,604.51
Others	7.55	6.56
Total	5,713.29	2,689.72

Notes to Financial Statements for the year ended 31st March, 2014

27. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lac)

Particulars	For the year ended 31 st March 2014		For the year ended 31 st March 2013	
Inventories at the beginning of the year				
Work-in-progress	12,282.06		8,810.20	
Finished goods	30,184.11	42,466.17	25,199.52	34,009.72
Less: Insurance claim received on work in progress destroyed in fire		67.46		-
Less: Material transferred for trial run production		-		2,436.90
Add: Material transferred from trial run production		-		1,911.93
		42,398.71		33,484.75
Inventories at the end of the year				
Work-in-progress	14,294.60		12,282.06	
Finished goods	51,050.85	65,345.45	30,184.11	42,466.17
Total		(22,946.74)		(8,981.42)

Details of inventory :	UOM	Qty	Amount in ₹	Qty	Amount in ₹
Work-in-progress :					
Yarn			9,705.84		8,885.73
Fabric			2,340.58		1,607.69
Processed Fabric			2,248.18		1,788.64
Total			14,294.60		12,282.06
Finished goods :					
Yarn	MT's	15,498	33,397.76	8,733	17,094.13
Fabric	Mn. Mtrs	14.77	10,595.73	11.28	7,549.65
Processed Fabric	Mn. Mtrs	7.46	7,057.36	6.15	5,540.33
Total			51,050.85		30,184.11

28. EMPLOYEE BENEFITS EXPENSE

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Salaries and wages	28,855.22	23,794.89
Contribution to provident and other funds	2,631.20	2,452.39
Staff welfare expenses	530.26	587.05
Total	32,016.68	26,834.33

29. FINANCE COSTS

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Interest expense (net) (refer note 45)	14,187.96	16,545.56
Other borrowing costs	994.79	889.21
Total	15,182.75	17,434.77

Notes to Financial Statements for the year ended 31st March, 2014

30. OTHER EXPENSES

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Power and fuel	54,487.80	46,403.19
Consumption of stores and spare parts	3,217.18	2,778.22
Packing materials and charges	6,866.46	5,591.71
Dyes and Chemical consumed	17,173.76	13,865.54
Rent	152.50	130.98
Repairs and maintenance to buildings	1,930.00	1,303.45
Repairs and maintenance to machinery	14,186.66	11,003.13
Insurance	625.53	546.73
Net loss on sale of investments		
Current investments	54.45	
Rates and taxes	135.01	198.85
Auditors remuneration (including service tax):		
Audit fee	31.46	26.97
Tax audit fee	7.87	6.74
Reimbursement of expenses	9.99	9.74
In other capacity	19.24	1.26
Bad debts written off	147.37	181.88
Loss on foreign currency transactions and translations (Net)	3,451.17	2,017.62
Forwarding charges and octroi	7,517.42	6,855.96
Commission to selling agents	5,139.51	4,176.20
Prior period items (net) (refer note 44)	172.24	-
Rebate and discount	1,220.15	1,113.76
Miscellaneous	8,488.06	6,764.82
Total	125,033.83	102,976.75

31. CONTINGENT LIABILITIES AND PROVISIONS (to the extent not provided for)

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
I Contingent Liabilities		
(i) Claims not acknowledged as debts	790.29	1,342.23
(ii) Bank Guarantees and Letters of Credit outstanding	6,407.84	22,612.40
(iii) Bills discounted with banks	7,884.34	4,176.64

(iv) Other monies for which the Company is contingently liable

- The Company has contested the additional demand in respect of Sales Tax, Excise Duty etc., amounting to ₹1,319.07 lac (Previous Year ₹515.02 lac). As against this a sum of ₹102.14 lac (Previous Year ₹101.71 lac) has been deposited under protest and stands included under the head "other recoverable in note-21 - Short-term loans and advances". 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.
- The Company has contested the additional demand in respect of income tax amounting to ₹14,681.78 lac (Previous Year ₹5,036 lac). Pending appeal with appellate authorities, provision of ₹11,695.08 lac (Previous Year ₹2,323 lac) has not been made in the books of account as the Company is confident to get the desired relief.
- The Company had taken over the textile undertaking of Vardhman Holdings Limited (formerly known as Vardhman Spinning & General Mills 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-fulfilment of an agreement of cotton purchase. The said matter had been decided against the said 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 statement of Profit and Loss. No provision has been made for the balance decreed amount by the undertaking 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.

Notes to Financial Statements for the year ended 31st March, 2014

31. CONTINGENT LIABILITIES AND PROVISIONS (to the extent not provided for) (contd.)

(₹ in lac)

Particulars	As at	
	31 st March 2014	31 st March 2013
II Commitments		
(i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	11,611.40	26,006.66
(ii) Exports obligations under Export Promotion Capital Goods (EPCG) scheme#	NIL	NIL

#The Company has executed bonds for an aggregate amount of ₹79,013.25 lac (Previous Year ₹120,916.00 lac) in favour of the President of India under section 59 (2) and 67 of the Customs Act, 1962 and Central Excise and salt Act, 1944 for fulfilment of the obligation under the said Acts.

32. 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.

33. AMORTISATION OF INTANGIBLE ASSETS

- Softwares have been amortised @ 25% on straight line basis as the useful life has been estimated to be not more than four years.
- Right to use power lines have been amortised @ 20% on straight line basis as the useful life thereof has been estimated to be not more than five years.

34. The Company is holding 1,598,741 (Previous Year 1,598,741) 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'. Further, during the accounting year ended 31st March, 2012, the trust had been allotted 3,19,748 equity shares by Vardhman Specials Steels Limited (VSSL) in the ratio of one equity share against every five equity shares held in the Company in accordance with the 'Scheme of Arrangement and Demerger' entered into by the Company, VSSL and their respective shareholders and creditors. 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.

35. THE DETAIL OF THE AMOUNT RECOVERABLE FROM MAHAVIR SHARE TRUST AS AT THE CLOSE OF THE YEAR IS AS UNDER:

(₹ in lac)

Particulars	As at	
	31 st March 2014	31 st March 2013
Cost of Shares	1,785.40	1,785.40
Other Recoverable Amount	2.16	1.12
Total	1,787.56	1,786.52

36. The accumulated losses of Vardhman Nisshinbo Garments Company Limited, a subsidiary of the Company, as on 31st March, 2014 are more than 50% of its net worth. In the view of the management of the subsidiary company, these losses are only due to the starting phase of the business and based on the orders on hand and expected growth in export business the losses would be reduced within few years. Therefore no provision for decline in the value of investment is considered as such decline is temporary in nature.

37. 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 statements 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.

38. 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.

Notes to Financial Statements for the year ended 31st March, 2014

39. 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:

(₹ in lac)

Particulars	Current Year	Previous Year
Net Profit after tax attributable to equity shareholders	65,187.69	32,372.57
Total (A)	65,187.69	32,372.57
Weighted average number of equity shares (No in lac)	636.52	636.52
Total (B)	636.52	636.52
Basic earning per Share (₹) (A)/(B)	102.41	50.86
Diluted earning per Share (₹)* (A)/(B)	102.41	50.86
Face value per equity share (₹)	10.00	10.00

*There are no potential equity shares

40. DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 UNDER THE CHAPTER ON DELAYED PAYMENTS TO MICRO & SMALL ENTERPRISE.

(₹ in lac)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
1	Principal amount remaining unpaid to any supplier as at the end of accounting period	-	-
2	Interest due on remaining unpaid to any supplier as at the end of the accounting period	-	-
3	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during accounting period	-	-
4	The amount of interest due and payable for the year	-	-
5	The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
6	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues of Micro, Small and Medium enterprises have been determined on the basis of information collected by the management. This has been relied upon by the auditors.

41. 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 ₹104.32 lac (Previous Year ₹88.37 lac). The future minimum lease payments in respect of the non-cancellable operating leases are:

(₹ in lac)

Sr. No.	Particulars	As at 31 st March 2014	As at 31 st March 2013
a)	not later than one year	60.79	45.00
b)	later than one year but not later than five years	27.79	40.23
c)	later than five years	0.34	0.36

Notes to Financial Statements for the year ended 31st March, 2014

42. 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 and Threads Limited Vardhman Nisshinbo Garments Company Limited
2. Associates	Vardhman Textile Components Limited (upto 30-03-2014) Vardhman Spinning and General Mills Limited Vardhman Special Steels 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 Smt. Banarso Devi Oswal Public Charitable Trust Sri Aurobindo Socio Economic and Management Research Institute *Adinath Investment and Trading Co. *Devakar Investment and Trading Co. Limited *Srestha Holdings Limited *Santon Finance and Investment Co. Limited *Flamingo Finance and Investment Co. Limited *Ramaniya Finance and Investment Co. Limited *Marshall Investment and Trading Co. (P) Limited *Pardeep Mercentile Co. (P) Limited *Plaza Trading Co. (P) Limited *Anklesh Investment (P) Limited *Syracuse Investment and Trading Co. (P) Limited *Mahavir Spinning Mills (P) Ltd. **Northern Trading Co. **Amber Syndicate **Paras Syndicate **Adinath Syndicate **Eastern Trading Company

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

**No transaction has taken place during the year.

Notes to Financial Statements for the year ended 31st March, 2014

42. RELATED PARTY DISCLOSURE (contd.)

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

(₹ in lac)

Particulars	Subsidiary		Associates		Key Management Personnel (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	33,436.68	31,852.95	350.05	273.58					33,786.73	32,126.53
Purchase of DEPB licences	0.70	3.63	-	-					0.70	3.63
Sale/processing of goods	2,767.09	4,641.36	27.14	41.43					2,794.23	4,682.79
Sale of DEPB licences	3.25	1,458.86	32.33	1,050.92					35.58	2,509.78
Purchase of fixed assets	-	44.18	0.07	0.06					0.07	44.24
Sale of fixed assets	85.76	22.20	-	-					85.76	22.20
Donation paid	-	-	-	-			100.00	100.00	100.00	100.00
Rent paid	-	-	-	-			9.61	7.81	9.61	7.81
Reimbursement of expenses paid	1,002.69	802.16	-	-					1,002.69	802.16
Reimbursement of expenses received	256.29	-	0.33	-					256.63	-
Receipt against corporate services agreement *	454.51	443.51	91.00	82.00					545.51	525.51
Payment against licence agreement *	-	-	-	-			78.11	63.93	78.11	63.93
Interest paid	881.44	619.08	-	-			203.73	201.55	1,085.17	820.63
Interest received	150.05	108.58	150.23	268.47					300.28	377.05
Rent received	29.69	3.36	0.15	0.60					29.84	3.96
Managerial remuneration					2,015.69	1,136.89			2,015.69	1,136.89
Loan given (Including Opening Balance)	9,533.40	26,899.30	81,891.00	68,090.37					91,424.40	94,989.67
Loan received back	8,759.50	25,525.90	80,544.50	68,090.37					89,304.00	93,616.27
Closing balance	773.90	1,373.40	1,346.50	-					2,120.40	1,373.40
Loan taken (Including Opening Balance)	129,834.46	89,040.50	-	-			6,909.58	4,736.30	136,744.04	93,776.80
Loan repayment	129,834.46	89,040.50	-	-			5,304.00	4,588.50	135,138.46	93,629.00
Closing balance	-	-	-	-			1,605.58	147.80	1,605.58	147.80
Year end balance receivable	319.59	295.69	0.23	-			3.90	-	323.71	295.69
Year end balance payable	138.02	-	-	2.01			-	-	138.02	2.01

* Excluding Service Tax

43. DISCLOSURE REQUIRED BY CLAUSE 32 OF LISTING AGREEMENT:

- The Company has given inter corporate deposits aggregating to ₹ Nil (Previous Year ₹14,334.00 lac) to M/s Vardhman Acrylics Ltd. during the year. The maximum amount outstanding during the year was ₹ Nil (Previous Year ₹1,190.50 lac). The Balance outstanding as on 31.03.14 is ₹ Nil (Previous Year ₹ Nil).
- The Company has given inter corporate deposits aggregating to ₹4,553 lac (Previous Year ₹5,687.60 lac) to M/s VMT Spinning Company Limited during the year. The maximum amount outstanding during the year was ₹1,519 lac (Previous Year ₹1,620.55 lac). The Balance outstanding as on 31.03.14 is ₹ Nil (Previous Year ₹ Nil).
- The Company has given inter corporate deposits aggregating to ₹81,891 lac (Previous Year ₹65,109.32 lac) to M/s Vardhman Special Steels Limited. The maximum amount outstanding during the year was ₹5,634 lac (Previous Year ₹8,210.00 lac). The Balance outstanding as on 31.03.2014 is ₹1,346.50 lac (Previous Year ₹ Nil lac).
- The Company has given inter corporate deposits aggregating to ₹2,113.50 lac (Previous Year ₹1,724.00 lac) to M/s Vardhman Nisshinbo Garments Company Limited during the year. The maximum amount outstanding during the year was ₹1,602.40 lac (Previous Year ₹1,424.40 lac). The Balance outstanding as on 31.03.14 is ₹773.90 lac (Previous Year ₹1,373.40 lac).
- The Company has given inter corporate deposits aggregating to ₹ Nil (Previous Year ₹ Nil lac) to M/s VTL Investments Limited during the year. The maximum amount outstanding during the year was ₹ Nil (Previous Year ₹ Nil lac). The Balance outstanding as on 31.03.14 is ₹ Nil (Previous Year ₹ Nil).
- The Company has given inter corporate deposits aggregating to ₹1,493.50 lac (Previous Year ₹3,261.75 lac) to M/s Vardhman Yarns and Threads Limited during the year. The maximum amount outstanding during the year was ₹613.50 lac (Previous Year ₹1,230.15 lac). The Balance outstanding as on 31.03.14 is ₹ Nil (Previous Year ₹ Nil).

Notes to Financial Statements for the year ended 31st March, 2014

44. PRIOR PERIOD ITEMS ARE AS FOLLOWS

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Other Expenses	114.76	47.00
Finance Costs	(8.42)	12.11
Employee Benefits Expense	14.50	3.15
Purchase of Stock-in-trade	-	0.26
Cost of Materials Consumed	93.11	-
Other Income	(33.61)	(138.76)
Revenue From Operations	(8.11)	(207.06)
Net Prior period (Income)/Expense	172.23	(283.30)

45. INTEREST EXPENSE IS NET OF INTEREST INCOME FROM

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
(i) Related parties	300.28	498.80
(ii) Current investments	359.42	1,254.08
(iii) Long Term Investments	153.80	50.42
(iv) Banks and others	1,342.69	994.68

46. Figures in bracket indicate deductions.

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

48. EMPLOYEE BENEFITS :

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

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

(₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at beginning of the year	416.52	375.13	2,531.26	2,206.40
Interest cost	30.36	23.02	219.26	155.52
Past Service cost	-	-	-	-
Current service cost	238.78	110.38	416.80	391.64
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Transferred to VSSL Fund	-	-	-	(172.70)
Benefits Paid	(165.84)	(188.80)	(243.71)	(274.09)
Actuarial (gain)/ loss on Obligations	(78.32)	96.79	(151.14)	224.49
Present value obligation as at end of the year #	441.50	416.52	2,772.47	2,531.26

includes short term Garranty liability of ₹372.60 lac (Previous Year ₹352.22 lac)

(b) Changes in Fair Value of Plan Asset

(₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of Plan Assets as at beginning of the year	-	-	2,198.62	2,028.55
Expected return on Plan Assets	-	-	181.15	159.85
Contributions	-	-	332.64	182.73
Benefits Paid	-	-	-	-
Actuarial gain/ (loss) on Obligations	-	-	18.74	5.08
Transferred to VSSL Fund	-	-	-	(177.60)
Fair value of Plan Assets as at end of the year	-	-	2,731.15	2,198.61

Notes to Financial Statements for the year ended 31st March, 2014

48. EMPLOYEE BENEFITS : (contd.)

(c) Amount recognised in Balance Sheet :

(₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at end of the year	441.51	416.52	2,772.47	2,531.26
Fair value of Plan Assets as at end of the year	-	-	2,731.15	2,198.61
Funded Status	(441.51)	(416.52)	(41.32)	(332.65)
Present value of unfunded obligation as at end of the year	-	-	-	-
Unfunded Actuarial (gains)/ losses	-	-	-	-
Unfunded Net Asset/ (Liability) recognised in Balance Sheet	(441.51)	(416.52)	(41.32)	(332.65)

(d) Expenses Recognised in Profit and Loss

(₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost	238.78	110.38	416.80	391.64
Past Service cost	-	-	-	-
Interest cost	30.36	23.02	219.26	155.52
Expected return on Plan Assets	-	-	(181.15)	(159.85)
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(78.32)	(96.79)	(166.50)	219.42
Total Expenses recognised in Profit & Loss Account	190.82	230.19	288.41	606.73

(e) Investment details of Fund :

(₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Central Govt. Securities	-	-	295.21	1,256.14
Investment in PSU	-	-	1,507.67	539.88
Other Investments	-	-	183.89	131.57
Bank Balance	-	-	744.38	271.02
Total	-	-	2,731.15	2,198.61

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

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rate (per annum)	9.10%	8.20%	9.10%	8.20%
Rate of increase in compensation levels (per annum)	6.50%	6.50%	6.00%	6.00%
Rate of return on plan assets (per annum)	N.A.	N.A.	7.66%	8.23%
Expected Average remaining working lives of employees (years)	27.25	27.69	27.25	27.69
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.

Notes to Financial Statements for the year ended 31st March, 2014

48. EMPLOYEE BENEFITS : (contd.)

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

(₹ in lac)

Particulars	Short Term 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	79.00	69.02	89.56	69.38	183.27	152.40
Liability as at end of the year	93.20	79.00	80.52	89.56	173.02	183.27
Amount debited to Statement of P&L	14.20	9.98	98.75	65.74	201.67	198.39

(h) During the year, the Company has recognised an expense of ₹1,522.45 lac (Previous Year ₹1,353.21 lac) in respect of Contribution to Provident Fund and ₹71.70 lac (Previous Year ₹68.27 lac) in respect of Contribution to Superannuation Scheme.

49. 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 risk management 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 2014 is as under:

a) Category wise quantitative data

	Current Year		Previous Year	
	No. of Contracts	Amount in Foreign Currency (lac)	No. of Contracts	Amount in Foreign Currency (lac)
Forward contracts against exports (USD)	313	1,302.61	109	1,033.98
Forward contracts against exports (EURO)	23	81.04	20	62.24
Put and Call options against exports (USD) *	2	495.00	7	862.50
Forward contracts against imports (USD)	12	26.97	31	206.54
Forward contracts against imports (YEN)	-	-	2	3,592.00
Forward contracts against imports (EURO)	1	0.58	20	191.76

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

Against Creditors (CHF)		8.67		0.81
Against Creditors (EURO)		31.41		0.59
Against Creditors (GBP)		-		0.20
Against Creditors (JPY)		25.91		18.88
Against Creditors (USD)		4.72		0.27
Against Creditors (YEN)		-		4.92
Against Debtors (GBP)		0.20		-
Against Debtors (EURO)		-		0.64
Against Debtors (USD)		-		16.24

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

Notes to Financial Statements for the year ended 31st March, 2014

50. PROJECT AND PRE-OPERATIVE EXPENSES :-

(₹ in lac)

Particulars	Current Year	Previous Year
Development account		
Stores & spares consumed	-	13.95
Vehicle expenses	-	0.81
Insurance	-	10.96
Miscellaneous	-	67.40
Interest	-	318.73
Total - A	-	411.85
Trial Run Expenses		
Raw Material Consumed	-	445.50
Material transferred for trial run	-	2,436.90
Power & Fuel	-	334.07
Stores & spares consumed	-	486.17
Machinery Repair	-	2.69
Salary, Wages & Bonus	-	90.11
Staff Welfare	-	0.07
Insurance	-	4.17
Selling expenses	-	62.30
Rent, Rates and Taxes	-	0.11
Miscellaneous	-	41.93
Interest	-	361.86
Total - B	-	4,265.88
Total (C=A+B)	-	4,677.73
Less : Sale of Finished Goods	-	3,291.04
Less : Export benefits received	-	83.79
Less : Finished Goods transferred from trial run	-	1,911.93
Total of trial run income - D	-	5,286.76
Net income from trial run (D - C)	-	609.04
Less : Allocated to Plant & Machinery	-	535.25
Buildings	-	54.55
Capital work in progress	-	19.23
Total Allocation- E	-	609.03
Pending Allocation (E-D)	Nil	Nil

Notes to Financial Statements for the year ended 31st March, 2014

51. The information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per revised Schedule-VI of the Companies Act, 1956 :

(A) CIF VALUE OF IMPORTS

(₹ in lac)

Particulars	Current Year	Previous Year
Raw Materials	21,576.77	15,685.14
Components & Spare Parts	6,430.87	5,278.57
Capial Goods	28,762.49	13,335.70
Total	56,770.13	34,299.41

(B) EXPENDITURE IN FOREIGN CURRENCY

(₹ in lac)

Particulars	Current Year	Previous Year
Travelling	79.74	92.69
Commission	3,111.25	2,403.94
Technical Knowhow Fee	16.85	27.63
Miscellaneous	193.65	154.87
Total	3,401.49	2,679.13

(C) EARNING IN FOREIGN CURRENCY

(₹ in lac)

Particulars	Current Year	Previous Year
FOB Value of Exports	200,790.69	159,959.20
Total	200,790.69	159,959.20

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

(₹ in lac)

Particulars	Current Year Value	%	Current Year Value	%
(I) Raw Materials				
Imported	20,990.13	8.29	15,745.53	7.47
Indigenous	232,224.38	91.71	194,904.17	92.53
Total	253,214.51	100.00	210,649.70	100.00
(II) Components and Spare Parts:				
Imported	5,486.45	14.33	5,015.64	16.22
Indigenous	32,791.96	85.67	25,911.18	83.78
Total	38,278.41	100.00	30,926.82	100.00

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

For and on behalf of the Board of Directors

SANJIV MOHAN
Partner
M. No. 086066

KARAN KAMAL WALIA
(Company Secretary)

RAJEEV THAPAR
(CGM Finance,
Accounts & Taxation)

SACHIT JAIN
(Executive Director)

S.P. OSWAL
(Chairman and
Managing Director)

PLACE : Ludhiana
DATED: 23rd May, 2014

PLACE : Mumbai
DATED : 23rd May, 2014

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report on Consolidated Financial Statements

To
The Board of Directors of
Vardhman Textiles Limited

1. We have audited the accompanying consolidated financial statements of Vardhman Textiles limited ("the Company"), its subsidiaries and associates (collectively referred to as "the Group") which comprise the consolidated Balance Sheet as at 31st March, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

4. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹1,209.52 Crore as at 31st March, 2014, total revenue of ₹1,342.75 Crore for the year and net cash flow amounting to ₹(-)8.61 Crore for the year ended on that date and an associate whose financial statements reflect the Group share of loss of ₹2.96 Crore. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements read together with significant accounting policies and notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- in the case of consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- in the case of the 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 Reg. No. 000235N

Place: New Delhi
Dated: 23rd May, 2014

Sanjiv Mohan
Partner
M. No. 86066

Consolidated Balance Sheet as at 31st March, 2014

(₹ in lac)

	Note no.	As at 31 st March 2014	As at 31 st March 2013
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	6,251.79	6,251.79
(b) Reserves and surplus	4	306,950.29	244,396.33
		313,202.08	250,648.12
(2) Minority Interest			
(a) Share capital		6,487.65	7,118.70
(b) Reserves and surplus		33,146.67	28,429.71
		39,634.32	35,548.41
(2) Non-current liabilities			
(a) Long-term borrowings	5	205,516.02	209,955.03
(b) Deferred tax liabilities (net)	6	29,240.39	25,520.72
(c) Other long term liabilities	7	1,254.57	1,055.87
(d) Long-term provisions	8	601.52	602.92
		236,612.50	237,134.54
(3) Current liabilities			
(a) Short-term borrowings	9	84,073.15	77,800.98
(b) Trade payables	10	16,065.82	8,383.88
(c) Other current liabilities	11	87,041.39	62,929.03
(d) Short-term provisions	12	9,846.96	6,426.72
		197,027.32	155,540.61
TOTAL		786,476.22	678,871.68
II ASSETS			
(1) Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		311,486.52	267,903.72
(ii) Intangible assets		2,571.94	2,201.82
(iii) Capital work-in-progress		9,439.80	21,349.17
		323,498.26	291,454.71
(b) Goodwill on Consolidation		1,325.87	293.15
(c) Non-current investments	14	37,142.84	10,952.07
(d) Long-term loans and advances	15	8,743.47	14,695.33
(e) Other non-current assets	16	3,029.00	5,448.06
		373,739.44	322,843.32
(2) Current assets			
(a) Current investments	17	41,212.45	47,114.22
(b) Inventories	18	219,242.45	178,399.65
(c) Trade receivables	19	86,784.74	74,647.74
(d) Cash and bank balances	20	8,074.95	6,498.04
(e) Short-term loans and advances	21	55,201.72	47,018.72
(f) Other current assets	22	2,220.47	2,349.99
		412,736.78	356,028.36
TOTAL		786,476.22	678,871.68
See accompanying notes forming part of the financial statements	1 to 44		

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

For and on behalf of the Board of Directors

SANJIV MOHAN
Partner
M. No. 086066

KARAN KAMAL WALIA
(Company Secretary)

RAJEEV THAPAR
(CGM Finance,
Accounts & Taxation)

SACHIT JAIN
(Executive Director)

S.P. OSWAL
(Chairman and
Managing Director)

PLACE : Ludhiana
DATED: 23rd May, 2014

PLACE : Mumbai
DATED : 23rd May, 2014

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

(₹ in lac)

	Note no.	For the year ended 31 st March 2014		For the year ended 31 st March 2013	
(i) Revenue from operations (gross)	23		620,797.08		501,236.00
Less : Excise duty			4,153.89		4,028.56
Revenue from operations (net)			616,643.19		497,207.44
(ii) Other income	24		7,391.67		4,900.74
(iii) Income From Associates			-		154.56
(iv) Total revenue (i) + (ii)			624,034.86		502,262.74
(v) Expenses :					
Cost of materials consumed	25		293,093.11		243,472.80
Purchases of stock-in-trade	26		368.78		635.22
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27		(23,176.01)		(12,484.64)
Employee benefits expense	28		40,883.98		34,939.55
Finance costs	29		15,112.07		17,709.38
Depreciation and amortisation expense	13		33,547.93		29,530.68
Other expenses	30		159,147.96		133,181.28
Loss From Associates			295.71		
Total expenses			519,273.53		446,984.27
(vi) Profit before tax (iv) - (v)			104,761.33		55,278.47
(vii) Tax expense :					
- Current Tax		24,488.96		14,518.52	
- Deferred tax		3,719.68		2,303.83	
- Tax adjustments of earlier years		1.18	28,209.82	-	16,822.35
(viii) Profit for the period after tax but before Minority Interest (ix) + (xii)			76,551.51		38,456.12
(ix) Less : Minority Interest			4,716.95		2,817.82
Profit for the period after tax and Minority Interest (xiii) - (xiv)			71,834.56		35,638.30
Earnings per equity share (of ₹10/- each)					
Basic			114.90		57.00
Diluted			114.90		57.00
See accompanying notes forming part of the financial statements	1 to 44				

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

For and on behalf of the Board of Directors

SANJIV MOHAN
Partner
M. No. 086066

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(CGM Finance,
Accounts & Taxation)

SACHIT JAIN
(Executive Director)

S.P. OSWAL
(Chairman and
Managing Director)

PLACE : Ludhiana
DATED: 23rd May, 2014

PLACE : Mumbai
DATED : 23rd May, 2014

Consolidated Cash Flow Statement for the year ended 31st March, 2014

(₹ in lac)

	For the year ended 31 st March 2014		For the year ended 31 st March 2013	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Extraordinary items and tax		104,761.33		55,278.47
Adjustments for :				
Depreciation and Amortisation	33,547.93		29,530.68	
Interest expense	16,496.64		19,735.65	
(Income) / Loss from Associates	295.71		(154.56)	
Interest income	(2,506.80)		(2,973.11)	
Dividend income	(1,551.20)		(695.50)	
(Profit)/Loss on sale of Assets (Net)	(673.51)		(583.23)	
(Profit)/Loss on sale of Investments (Net)	(3,229.49)		(744.64)	
Provision no longer required written Back(Net)	(717.28)		(438.55)	
Sundry balance written back	(15.68)		(106.80)	
Excess income written off	141.26		49.14	
Fixed assets written off	110.50		97.71	
Provision for diminution in value of Investments written back	44.76		(122.51)	
Provision for Doubtful Debts	-		126.06	
Allowances for doubtful trade receivables and advances written back	(86.84)		-	
Bad debts written off	212.47		207.23	
		42,068.47		43,927.57
Changes in Working capital		146,829.80		99,206.04
Adjustments for :				
(Increase)/Decrease in Trade and other Receivables	(13,500.95)		(31,791.30)	
(Increase)/Decrease in Inventories	(40,842.81)		(24,923.05)	
Increase/(Decrease) in Trade Payables and other Liabilities	14,396.22		5,746.83	
		(39,947.54)		(50,967.52)
Cash generated from Operations		106,882.26		48,238.52
Net income tax paid	(23,494.59)	(23,494.59)	(14,954.69)	(14,954.69)
Net cash flow from/ (used in) operating activities		83,387.67		33,283.83
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets and capital work in progress (including capital advances)	(65,815.66)		(50,248.55)	
Proceeds from sale of Fixed Assets	787.19		1,181.06	
Purchase of Investments	(58,210.93)		(27,992.47)	
Sale of Investments	40,810.95		22,108.38	
Interest Received	2,925.76		2,558.11	
Dividend Received	1,551.20		695.50	
Net Cash used in investing activities		(77,951.49)		(51,697.97)

Consolidated Cash Flow Statement for the year ended 31st March, 2014

(₹ in lac)

	For the year ended 31 st March 2014	For the year ended 31 st March 2013
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital and calls in arrears	(1,704.86)	(1,577.70)
Proceeds from Long Term Borrowings(Net)	13,633.46	14,383.73
Proceeds/ (Repayments) from/of Short Term Borrowings(Net)	6,272.16	27,277.94
Capital Subsidy Received	-	30.00
Dividend Paid (including taxes)	(5,403.95)	(4,071.83)
Interest Paid	(16,656.08)	(19,517.72)
Net Cash from Financing Activities	(3,859.27)	16,524.42
Net Increase in cash and cash equivalents	1,576.91	(1,889.72)
Cash and cash equivalents at the beginning of the year	6,498.04	8,387.76
Cash and cash equivalents transferred pursuant to cessation of subsidiary relationship		
Cash and cash equivalents at the end of the year	8,074.95	6,498.04
Bank balances not considered as cash and cash equivalents	2,576.35	5,003.18
See accompanying notes forming part of the financial statements		

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

For and on behalf of the Board of Directors

SANJIV MOHAN
Partner
M. No. 086066

KARAN KAMAL WALIA
(Company Secretary)

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(CGM Finance,
Accounts & Taxation)

SACHIT JAIN
(Executive Director)

S.P. OSWAL
(Chairman and
Managing Director)

PLACE : Ludhiana
DATED: 23rd May, 2014

PLACE : Mumbai
DATED : 23rd May, 2014

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

1. CORPORATE INFORMATION

Vardhman Textiles Limited (The Company) and its subsidiaries (Collectively referred to as the "Group") are engaged in manufacturing of Cotton yarn, Synthetic yarn, Woven fabric, Sewing thread, Acrylic fibre, Tow and garments.

2. SIGNIFICANT ACCOUNTING POLICIES :

(a) Basis of preparation of consolidated financial statements :

The consolidated financial statements have been 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 consolidated 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 recognised in the period in which the results materialise.

(c) Revenue Recognition:

i) Sales:

Revenue from sale of goods is recognised:

- (a) 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
- (b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

(ii) Export Incentives :

Revenue in respect of the export incentives is recognised on post export basis.

(iii) Interest:

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

(iv) Dividend:

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

(v) Insurance and Other Claims

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

(d) Employees Benefits:

(a) Short Term Employee Benefits :

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

(b) Post Employment Benefits :

(i) Defined Contribution Plans:

(1.1) Provident Fund :

The Employer's contribution to Provident Fund and Employees Pension Scheme, a defined contribution plan is made in accordance with the Provident Fund Act, 1952 read with the Employees Pension Scheme, 1995.

(1.2) 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 recognised as an expense in the period in which it falls due.

(ii) Defined Benefit Plans

(1.1) Gratuity :

The Employees Gratuity Fund Scheme, managed by Employee's Group Gratuity Trust is a defined benefit plan. The liability for gratuity is provided on the basis of actuarial valuation carried out by an independent actuary at the balance sheet date using projected unit credit method. The Present Value of the Company's obligation is determined on the basis of actuarial valuation at the year end and the fair value of plan assets is reduced from the gross obligations under the gratuity scheme to recognise the obligation on a net basis.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

- (iii) Actuarial gain or loss is recognised immediately in the statement of profit or loss.
- (iv) **Long Term Employee Benefits**
The liability for leave encashment and other compensated absences is recognised on the basis of actuarial valuation carried out by an independent actuary at the balance sheet date by using projected unit credit method.
- (e) **Fixed Assets:**
- Fixed Assets are stated at historical cost less accumulated depreciation.
 - Cost of fixed assets comprises its purchase price and any attributable expenditure (both direct and 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 amortisation.
- (g) **Depreciation:**
- 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.
 - Depreciation on assets costing ₹5,000/- or below is charged @ 100% per annum on proportionate basis.
- (h) **Amortisation:**
- Intangible assets are amortised on straight line method. These assets are amortised over their estimated useful life.
 - Right to use Power Lines is amortised on straight line method over their estimated useful life.
- (i) **Investments:**
Long term Investments are carried at cost less provision for diminution, other than temporary, in the value of investment. Current investments are carried at lower of cost and fair value.
- (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 progress 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 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 :**
- Foreign currency transactions are recorded on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
 - Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognised as income or expense in the period in which they arise.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

- (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 and put and call derivative options to hedge the transactions in the nature of firm commitments and/or highly probable forecast transactions is recognised in the statement Profit and Loss, the profit, if any arising thereon is ignored.
- (v) In respect of foreign branch, which is in the nature of integral foreign operations, all transactions (except fixed assets, monetary assets, monetary liabilities and depreciation on fixed assets) are translated at average rates monthly rates which approximates to the actual rates at the date of transaction. Branch monetary assets & liabilities are re-instated at the year-end rates. Fixed assets are translated as at the date of transaction. Depreciation is translated at the rates applied for translation fixed assets.

(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 assets 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.

Goodwill arising on consolidation is not amortised, but it is reviewed for impairment at the end of each accounting year, if the events or changes in the circumstances indicate that carrying value may be impaired.

(s) Cash flow statement :

The cash flow statement has been in accordance with the Accounting Standard (AS) – 3 on “Cash flow statements” issued by the Companies (Accounting Standard) Rules, 2006.

(t) Provision and Contingent Liabilities :

- i) Provision is recognised (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.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

3. SHARE CAPITAL

Particulars	As at 31 st March 2014		As at 31 st March 2013	
	Number (in lac)	(₹ in lac)	Number (in lac)	(₹ in lac)
Authorised				
Equity shares of ₹10/- each (par value)	900.00	9,000.00	900.00	9,000.00
Redeemable cumulative preference shares of ₹10/- each (par value)	100.00	1,000.00	100.00	1,000.00
	1,000	10,000	1,000.00	10,000
Issued, subscribed and fully paid-up				
Equity shares of ₹10/- each	625.18	6,251.79	625.18	6,251.79
Total	625.18	6,251.79	625.18	6,251.79

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

Equity shares	As at 31 st March 2014		As at 31 st March 2013	
	Number (in lac)	(₹ in lac)	Number (in lac)	(₹ in lac)
At the beginning of the reporting period	625.18	6,251.79	625.18	6,251.79
Add: Issued during the reporting period	-	-	-	-
Outstanding at the end of the reporting period	625.18	6,251.79	625.18	6,251.79

b. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The rate of dividend on preference shares will be decided by the Board of Directors as and when issued. Preferential shares as and when issued shall have the cumulative right to receive dividend as and when declared and shall have preferential right of repayment of amount of capital.

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

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

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

	Aggregate number of shares as at 31 st March 2014	Aggregate number of shares as at 31 st March 2013
Equity Shares allotted as fully paid up by way of bonus shares	-	-
Equity Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash	-	-
Equity Shares bought back by the Company	-	-

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

Class of shares and Name of shareholder	As at 31 st March 2014		As at 31 st March 2013	
	Number (in lac)	% shareholding	Number (in lac)	% shareholding
Equity shares of ₹10/- each fully paid				
Devakar Investment and Trading Co. Private Limited	55.41	8.70	55.41	8.70
Adinath Investment and Trading Company	128.42	20.18	128.42	20.18
Vardhman Holdings Limited	154.03	24.20	154.03	24.20
IDFC Premier Equity Fund	36.55	5.74	-	-

f. Terms of securities convertible into equity/preference shares: N.A.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

4. RESERVES AND SURPLUS

(₹ in lac)

Particulars	As at 31 st March 2014		As at 31 st March 2013	
Capital Reserve*				
Balance as per the last financial statements	345.00		315.00	
Add: Received during the year	-	345.00	30.00	345.00
Capital Redemption Reserve				
Balance as per the last financial statements	1,990.62		600.00	
Add: Transferred from surplus in statement of profit and loss	161.85	2,152.47	1,390.62	1,990.62
Securities Premium Account				
Balance as per the last financial statements		20,990.54		20,990.54
Statutory Reserve u/s 45-IC of RBI Act, 1934				
Balance as per the last financial statements	191.70	-	150.20	-
Add: Amount transferred for earlier years from surplus in statement of profit and loss	43.00		41.50	
Amount transferred for current year from surplus in statement of profit and loss		234.70		191.70
General Reserve				
Balance as per the last financial statements	156,033.97		151,933.97	
Less: Transferred pursuant to cessation of subsidiary relationship	-		-	
Add: Transferred from surplus in statement of profit and loss	7,450.00	163,483.97	4,100.00	156,033.97
Surplus i.e. balance in the Statement of Profit and Loss				
Balance as per the last financial statements	64,844.50		40,423.80	
Add: Corporate Dividend Tax Written Back	178.71		120.79	
Add: Profit for the year transferred from Statement of Profit and Loss	71,834.56		35,638.30	
Less: Transferred pursuant to cessation of subsidiary relationship	-		-	
Less: Premium on buy back of shares	41.08		187.08	
Less: Transfer to capital redemption reserve (refer note- 34)	161.85		1,390.62	
Less: Appropriations				
Proposed equity dividend	7,836.43		4,644.30	
Tax on dividend	1,581.80		974.89	
-Amount transferred to Statutory Reserve u/s 45-IC of RBI Act, 1934	43.00		41.50	
Current year- ₹41,50,000 Previous Year- ₹35,00,000)				
Transferred to General Reserve	7,450.00		4,100.00	
Closing Balance		119,743.61		64,844.50
Total		306,950.29		244,396.33

* The capital reserves consists of capital subsidy received on account of government grant from respective state governments treated as promoter contribution for setting up of new industrial projects.

5. LONG-TERM BORROWINGS

(₹ in lac)

Particulars	As at 31 st March 2014		As at 31 st March 2013	
Secured:				
From banks	253,200.91		239,567.45	
Less: Current maturities of long term borrowings (refer note-11)	47,684.89	205,516.02	29,612.42	209,955.03
Total		205,516.02		209,955.03

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

5. LONG-TERM BORROWINGS (contd.)

a) Details of security for term loans

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 movable assets including movable machinery, machinery parts, tools and accessories and other movable 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.

₹ in lac		Repayment Period		Installments outstanding as on 31 st March 2014			
		Current Year (Years)	Previous Year (Years)	Current Year (No.)	Previous Year (No.)	Periodicity of repayment	
Balance As at 31 st March 2014	Balance As at 31 st March 2013					Current Year	Previous Year
-	205.03	-	8	0	1	Quarterly	Quarterly
9,838.18	16,429.74	8	8	5	9	Quarterly	Quarterly
996.13	1,342.61	7	7	7	11	Quarterly	Quarterly
3,846.77	5,056.80	8	8		11	Quarterly	Quarterly
9,845.00	11,385.00	8	8	8	12	Quarterly	Quarterly
53,665.32	60,814.56	8	8	9	13	Quarterly	Quarterly
12,459.34	14,252.90	8	8	10	14	Quarterly	Quarterly
12,645.00	15,025.00	8	8	11	15	Quarterly	Quarterly
2,776.00	3,108.00	8	8	12	16	Quarterly	Quarterly
1,462.50	2,725.00	8	8	13	25	Monthly	Monthly
14,700.00	16,300.00	8	8	13	17	Quarterly	Quarterly
19,200.00	20,000.00	5	5	16	20	Quarterly	Quarterly
32,525.00	11,750.70	5	5	17	20	Quarterly	Quarterly
10,206.00	8,800.00	5	5	18	20	Quarterly	Quarterly
7,291.00	4,510.00	5	5	19	20	Quarterly	Quarterly
19,198.67	4,851.00	5	5	20	20	Quarterly	Quarterly
1,000.00	-	8	-	20	0	Quarterly	Quarterly
3,810.00	3,970.00	8	8	21	25	Quarterly	Quarterly
13,100.00	13,900.00	8	8	22	26	Quarterly	Quarterly
24,636.00	25,060.00	8	8	24	28	Quarterly	Quarterly
-	81.11	-	5	0	1	Quarterly	Quarterly
253,200.91	239,567.45						

* Figures of term loan stated above in para (b) includes current maturities of long term debt shown separately in note 11.

6. DEFERRED TAX LIABILITIES (NET)

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting period	30,064.75	26,680.39
Gross deferred tax liability	30,064.75	26,680.39
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	824.36	1,159.67
Gross deferred tax asset	824.36	1,159.67
Deferred tax liability (Net)	29,240.39	25,520.72

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

7. OTHER LONG-TERM LIABILITIES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Other liabilities		
Retention money	14.04	71.60
Security payable	0.35	0.52
Due to employees	18.33	48.20
Others	1,221.85	935.55
Total	1,254.57	1,055.87

8. LONG-TERM PROVISIONS

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Provision for employee benefits :		
- Leave encashment	601.52	602.92
- Gratuity	-	-
Total	601.52	602.92

9. SHORT-TERM BORROWINGS

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Working capital loans from Banks		
- From banks (secured)	80,279.24	77,653.18
- From banks (unsecured)	2,013.33	-
Loans repayable on demand		
- From related parties (unsecured)	1,605.58	147.80
- From others (unsecured)	175.00	-
Total	84,073.15	77,800.98

Details of security for working capital borrowings

Working capital borrowings from banks are secured by way of 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.

Terms:-

- i) From banks carries interest @ 9.95% to 12.70% p.a. (Previous Year 9.70% to 12.50% p.a)
- ii) From related parties carries interest @ 9% to 10.25% p.a. (Previous Year 9.50% to 10% p.a.)
- iii) From others carries interest @ 12.50 % p.a. (Previous Year 10.50% p.a)

10. TRADE PAYABLES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Trade payables		
Due to others (refer note 40)	16,065.82	8,383.88
Total	16,065.82	8,383.88

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

11. OTHER CURRENT LIABILITIES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Current maturities of Long term debt* (Refer note 5b)	47,684.89	29,612.42
Interest accrued but not due on borrowings	338.43	497.88
Rent received in advance	-	8.00
Unpaid dividends#	118.78	109.86
Other payables		
- Statutory remittances**	4,102.16	2,705.92
- Retention money	966.93	881.20
- Security deposits	86.17	129.21
- Expense payable	19,346.05	13,646.86
- Creditors for Fixed assets	1,563.18	5,784.43
- Trade Deposits and Advance from customers	7,865.99	5,723.83
- Employees related payable	4,494.54	3,378.11
- Other payables	474.27	451.31
Total	87,041.39	62,929.03

** Statutory remittances includes contribution to provident fund and ESIC, tax deducted at source, excise duty, vat, service tax etc.

Unpaid dividends do not include any amount due and outstanding required to be credited to the Investors' Education and Protection Fund.

12. SHORT-TERM PROVISIONS

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Provision for employee benefits :		
Leave encashment	131.01	90.49
Gratuity	219.11	666.03
Provision for proposed dividend on equity shares	7,915.04	4,695.31
Provision for tax on proposed dividend	1,581.80	974.89
Total	9,846.96	6,426.72

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

13. FIXED ASSETS

(₹ in lac)

Particulars	Original Cost				Depreciation and Amortisation					Net Block		
	Balance as at 1 st April, 2013	Additions	Disposals	Other adjustments	Balance as at 31 st March, 2014	Balance as at 1 st April, 2013	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Other adjustments	Balance as at 31 st March, 2014	Balance as at 31 st March, 2014	Balance as at 31 st March, 2013
Tangible Assets:												
Free-hold Land	9,843.86	360.72	-	-	10,204.58	-	-	-	-	-	10,204.58	9,843.86
Leasehold Land	2,374.44	-	-	-	2,374.44	264.10	24.01	-	-	288.11	2,086.33	2,110.34
Lease hold improvements	-	83.39	-	-	83.39	-	10.78	-	-	10.78	72.61	-
Buildings	81,526.76#	10,994.86	17.54	-	92,504.08	15,679.21	2,254.61	4.58	-	17,929.24	74,574.84	65,847.55
Plant and Equipment	399,348.27	64,201.06	2,686.89	796.63	460,065.81	212,123.71	30,036.14	2,467.95	862.40	238,829.50	221,236.31	187,224.56
Furniture and Fixtures	2,071.83	312.83	0.68	0.56	2,383.42	1,227.97	172.20	0.56	0.56	1,399.05	984.37	843.86
Vehicles	1,386.49	266.91	106.20	-	1,547.20	465.84	130.19	58.98	-	537.05	1,010.15	920.65
Office equipment	2,688.58	460.86	72.28	118.76	2,958.40	1,575.68	245.72	68.59	111.74	1,641.07	1,317.33	1,112.90
Total (A)	499,240.23	76,680.63	2,883.59	915.95	572,121.32	231,336.51	32,873.65	2,600.66	974.70	260,634.80	311,486.52	267,903.72
Intangible Assets:												
Computer Softwares	1,095.39	403.47	-	-	1,498.86	327.40	253.40	-	-	580.80	918.06	767.99
Right to use Power lines	1,089.09	640.93	-	-	1,730.02	1,067.61	138.41	-	-	1,206.02	524.00	21.48
Brand Value	2,824.71	-	-	-	2,824.71	1,412.36	282.47	-	-	1,694.83	1,129.88	1,412.35
Total (B)	5,009.19	1,044.40	-	-	6,053.59	2,807.37	674.28	-	-	3,481.65	2,571.94	2,201.82
Grand Total (A+B)	504,249.42	77,725.03	2,883.59	915.95	578,174.91	234,143.88	33,547.93	2,600.66	974.70	264,116.45	314,058.46	270,105.54
Previous Year	465,842.58	42,835.10	3,030.50	1,397.76	504,249.42	208,345.91	29,530.68	2,709.24	1,023.47	234,143.88	270,105.54	

#Includes ₹248.20 lac (Previous Year ₹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 ₹248.20 lac (Previous Year ₹248.20 lac).

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

- Freehold land includes ₹417.59 lac (Previous Year ₹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.

- Plant and Equipment amounting to ₹ Nil (Previous Year ₹535.25 lac) and Building amounting to ₹ Nil (Previous Year ₹54.55 lac) has been adjusted for the amounts allocated out of Project and Pre-operative incomes.

- Borrowing cost amounting to ₹ Nil (Previous Year ₹680.59 lac) has been capitalised during the year.

- Depreciation for the year includes net depreciation of ₹(-)819.63 lac (Previous Year ₹(-)214.89 lac) pertaining to earlier years.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

14. NON-CURRENT INVESTMENTS (Long term investments)

(₹ in lac)

Particulars	As at 31 st March 2014		As at 31 st March 2013	
I TRADE INVESTMENTS (at cost)				
a. Investment in equity instruments				
(i) In Associates (Unquoted)				
- Nil (Previous Year: 300,000) Equity Shares of ₹10/- each fully paid-up of Vardhman Textile Components Limited	-		30.00	
Less: goodwill arising on acquisition of shares in associates	-		0.70	
Add: Accumulated profit from Associate Company	-	-	51.89	81.19
- 25,000 (Previous Year: 25,000) Equity Shares of ₹10/- each fully paid-up of Vardhman Spinning and General Mills Limited (formerly known as Vardhman Linen Limited)	2.50		2.50	
Add: Capital Reserve arising on acquisition of shares in associate	0.43		0.42	
Add: Accumulated profit from Associate Company	4.12	7.05	4.24	7.16
(ii) In associates (quoted)				
- 5,825,000 (Previous Year: 5,825,000) Equity shares of ₹10/- each fully paid up of Vardhman Special Steels Limited	582.50		582.50	
Add: Accumulated profit from Associate Company	663.74	1,246.24	959.33	1,541.83
(iii) In Others (Unquoted)				
- 12,750 (Previous Year: 12,750) equity shares of ₹1,000 each fully paid-up of Perundurai Common Effluent Treatment Plant (a Section 25 Company)		127.50		127.50
- 275,000 (Previous Year: Nil) Equity Shares of ₹10/- each fully paid-up of Vardhman Textile Components Limited		78.69		-
II OTHER INVESTMENTS (at cost)				
a. Investment in equity instruments (unquoted)				
- 4,495 (Previous Year: 4,495) Equity shares of ₹10/- each fully paid-up of Shreshtha Holdings Ltd., 80 (Previous Year: 80) shares of ₹50/- each fully paid-up in the Valencia Co-operative Housing Society Limited, Mumbai and 5 (Previous Year: 5) shares of Dalamal House Commercial Complex Society Ltd, Mumbai		0.45		0.45
- 41,000 (Previous Year: 41,000) Equity-Shares of ₹10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)		4.10		4.10
- 140,625 (Previous Year: 140,625) Equity shares of ₹10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited		14.06		14.06
- 1,647,525 (Previous Year: 1,647,525) Equity Shares of Bharuch Eco-Aqua Infrastructure Ltd. of ₹10/- each fully paid up.		164.75		164.75
b. Investment in mutual funds (quoted)				
Fixed maturity plans/Debt Funds				
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of SBI Debt Fund SeriesA 10 - 400 days - Direct - Growth		2,500.00		-
- 10,000,000 (Previous Year: Nil) Units of ₹10/- each of SBI debt Fund Series -A10-400 Days - Regular -Growth		1,000.00		-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of SBI debt Fund Series -A14-380 Days - Direct -Growth		2,500.00		-
- 15,000,000 (Previous Year: Nil) Units of ₹10/- each of SBI debt Fund Series -A10-400 Days - Direct -Growth		1,500.00		-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of DSP Blackrock FMP-12.5M		2,500.00		-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of Reliance Fixed Horiozon Fund XXVI Series 2 Direct Growth Plan		2,500.00		-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of BSL Fixed Term Plan -Series KR (385 Days)- Gr. Direct		2,500.00		-
- 50,000,000 (Previous Year: Nil) Units of ₹10/- each of ICICI Prudential FMP Series 73-390 Days Plan I Direct Plan Cumulative		5,000.00		-
- 30,000,000 (Previous Year: Nil) Units of ₹10/- each of UTI Fixed Term Income Fund Series XVIII-I (400 Days) Direct Growth Plan		3,000.00		-

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

14. NON-CURRENT INVESTMENTS (Long term investments) (contd.)

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
- 20,000,000 (Previous Year: Nil) Units of ₹10/- each of Reliance Fixed Horizon Fund- XXV- Series 33- Direct Plan Growth Plan	2,000.00	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of Kotak FMP Series 149 Direct - Growth	2,500.00	-
- 10,000,000 (Previous Year: Nil) Units of ₹10/- each of Reliance Fixed Horizon Fund -XXV-Series 16-Growth Plan	1,000.00	-
- 20,000,000 (Previous Year: Nil) Units of ₹10/- each of Kotak FMP Series 140 Growth	2,000.00	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of Kotak FMP Series 150 Growth	2,500.00	-
- 15,000,000 (Previous Year: Nil) Units of ₹10/- each of UTI Fixed Term Income Fund	1,500.00	-
- Nil (Previous Year: 50,000) units of ₹1,000 each of 8.30 % NHAI Tax Free Bonds	-	511.03
- Nil (Previous Year: 75,000,000) Units of ₹10/- each of UTI Fixed Term Income fund series XIV-VIII - 371 days - Growth Plan	-	7,500.00
- 10,000,000 (Previous Year: 10,000,000) Units of ₹10/- each of Birla Sun LifeFMP series GY	1,000.00	1,000.00
Total	37,142.84	10,952.07
1. Aggregate amount of quoted investments	36,746.24	10,552.85
2. Aggregate Market value of quoted investments	46,546.59	10,613.67
3. Aggregate amount of unquoted investments	396.60	399.22
4. Aggregate provision for diminution in value of investments	-	-

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

15. LONG-TERM LOANS AND ADVANCES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
(unsecured, considered good)		
Capital advances	3,278.28	8,612.33
Security deposits	1,655.15	1,659.89
Other loans and advances :		
- Loans to employees	92.37	133.20
- Prepaid expenses	46.68	33.89
- Other recoverable	598.96	572.21
- Advance income-tax {net of provision for tax ₹104,310.78 lac (Previous Year ₹79,884.62 lac)}	1,361.36	2,356.91
- Balance with government authorities	1,710.67	1,326.90
Total	8,743.47	14,695.33

16. OTHER NON-CURRENT ASSETS

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
(unsecured considered good)		
- Fixed Deposits with banks more than twelve months maturity	2,576.35	5,003.18
- Interest Receivable	452.65	444.88
Total	3,029.00	5,448.06

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

17. CURRENT INVESTMENTS

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Current investments (valued at lower of cost and fair value)		
Investment in Mutual Funds (Quoted)		
- 20,000,000 (Previous Year: 20,000,000) Units of ₹10/- each of SBI Debt Fund Series-366 Days 25-Dir. Growth	2,000.00	2,000.00
- 50,000,000 (Previous Year: 50,000,000) Units of ₹10/- each of SBI Debt Fund Series-366 Days 25-Reg. Growth	5,000.00	5,000.00
- 7,50,00,000 (Previous Year: NIL) Units of ₹10/- each of UTI Fixed Term Income fund series XIV-VIII - 371 days - Growth Plan #	7,500.00	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of Kotak FMP series 106- Growth	2,500.00	-
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of Kotak FMP series 84- Growth #	-	2,500.00
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of Kotak FMP series 82- Growth #	-	2,500.00
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of ICICI Prudential FMP series 63 #	-	2,500.00
- Nil (Previous Year: 15,000,000) Units of ₹10/- each # of UTI fixed maturity plan-Yearly FMP series : Institutional growth	-	1,500.00
- Nil (Previous Year: 11,008,200) Units of ₹10/- each # of UTI fixed maturity plan-Yearly FMP series : YFMP (03/12)-Growth plan	-	1,100.82
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of SBI Debt Fund Series-13 months-Growth #	-	2,500.00
- Nil (Previous Year: 24,551,204) Units of ₹10/- each of DWS Premier Bond Fund - Premium Plus Plan - Growth	-	2,500.00
- Nil (Previous Year: 15,200,687) Units of ₹10/- each of ICICI Income Oppurtunities Inst.Growth	-	3,000.00
- Nil (Previous Year: 3,426,398) Units of ₹10/- each of Reliance Income Fund-Growth Plan-Bonus option	-	375.00
- 25,000,000 (Previous Year: NIL) Units of ₹10/- each of Reliance Fixed Horizon Fund - XXIV -Growth Plan	2,500.00	-
- 3,13,356 (Previous Year: NIL) Units of ₹1000 /- each of SBI Premier Liquid Fund-Direct Plan- Regular Plan Daily Dividend	3,143.75	-
- 60,779 (Previous Year: Nil) Units of ₹1000 /- each of Principal Bank CD Fund-Direct Plan Growth.	1,000.00	-
- 35,020 (Previous Year: NIL) Units of ₹1000 /- each of SBI Premier Liquid Fund-Direct Plan- Direct Plan Daily Dividend	351.34	-
- 25,000,000 (Previous Year: Nil) units of ₹10 each of Kotak FMP series 106 - Growth -	2,500.00	-
- 25,000,000 (Previous Year: Nil) units of ₹10 each of IDFC fixed term plan series 27 regular plan - Growth	2,500.00	-
- Nil (Previous Year 2,49,983) Units of ₹1000.07 /- each of Principal Cash Management Fund - Direct Plan Dividend option Daily-Reinvestment	-	2,502.03
- Nil (Previous Year: 13,874,506) Units of ₹13.1240 /- each of ICICI Prudential Income Oppurtunities Fund Institutional Growth	-	2,100.00
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of Birla Sun Life Fixed Term Plan Series - Growth #	-	2,500.00
- Nil (Previous Year: 15,000,000) Units of ₹10/- each of HDFC Fixed Maturity Plan 400 days - Growth Series - XXI #	-	1,500.00
- Nil (Previous Year: 20,000,000) - Units of ₹10/- each of SBI Mutual Fund SDFS 13 months -13 - (Growth) #	-	2,000.00
- Nil (Previous Year: 11,013,700) Units of ₹10/- each of SBI Mutual Fund SDFS 13 months -12 - Growth #	-	1,101.37
- Nil (Previous Year: 20,000,000) units of ₹10 each of HDFC FMP 400D March 2012	-	2,000.00
	28,995.09	39,179.22
Investment in Debentures or Bonds (quoted)		
- Nil (Previous Year: 50) 12.95% Non Convertible Debentures of ₹10,00,000/- each of Cholamandalam Investments & Finance Company Limited	-	500.35
Less : Provision for diminution in value of Investments	-	4.67
		495.68

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

17. CURRENT INVESTMENTS (Contd.)

(₹ in lac)

Particulars	As at 31 st March 2014		As at 31 st March 2013	
- 25,00,000 (Previous Year: Nil) 8.65% NABARD Bonds of ₹100/- each	2,476.67		-	
Less : Provision for diminution in value of Investments	6.17	2,470.50	-	-
- 500,000 (Previous Year: 500,000) 9.60% Non Convertible Debentures of Ballarpur Industries Ltd of ₹100/- each	508.18		507.83	
Less : Provision for diminution in value of Investments	3.30	504.88	7.13	500.70
Total		2,975.38		996.38
Investment in Mutual Funds (unquoted)				
Liquid Funds				
- 78,065 (Previous Year: 116,259) units of ₹1,003.25 each of SBI PLF - daily dividend		783.18		1,166.37
		783.18		1,166.37
Investment in debentures or Bonds (unquoted)				
- 7,360 (Previous Year: 7,360) 8.25 % Zero Coupon Bonds of ₹13578 each of Rural Electrification Corporation of India Limited. "		999.34		999.34
		999.34		999.34
Investments under Portfolio management services				
Investment in debentures or Bonds (quoted)				
- Nil (Previous Year: 50) Redeemable Non-Convertible Debentures of ₹1,00,000/- each of India Infoline Services Limited.	-			50.00
- 2,00,000 (Previous Year: Nil) Units of ₹1000/- each of 8.66 % IIFCL Tax Free Bonds		2,000.00		-
- 63,330 (Previous Year: Nil) Units of ₹1000/- each of 8.66 % NTPC Tax Free Bonds		633.30		-
- 50,000 (Previous Year: Nil) units of ₹1000 each of 8.30 % NHAI Tax Free Bonds	511.03		-	
Less: Diminution in value of investment	25.91	485.12	-	-
- 100,000 (Previous Year: Nil) units of ₹1000 each of 8.51 % HUDCO Tax Free Bonds	1,000.00			
Less : Provision for diminution in value of Investments	16.75	983.25		-
- 21,750 (Previous Year: 21,750) 8% Bonds of ₹1,000/- each of IRFC	217.50			
Less : Provision for diminution in value of Investments	4.44	213.06		217.50
Investment in Liquid Funds / Debt Funds/ Monthly Income Plans (Unquoted)				
- Nil (Previous Year: 5,344,368) Units of ₹10/- each of ICICI Income Opportunity Fund		-		700.00
- Nil (Previous Year: 516,340) Units of ₹10/- each of SBI Magnum Income Fund		-		150.00
- 78,692 (Previous Year: Nil) Units of ₹1,000/- each of Reliance Liquid fund		1,204.23		-
- Nil (Previous Year: 21,587) Units of ₹1,000/- each of SBI Premier liquid Fund-Direct Plan Daily Dividend		-		216.41
- 3,917 (Previous Year: 13,900) Units of ₹1,000/- each of Morgan Stanley Liquid Fund- daily dividend		39.21		139.00
- 189,514 (Previous Year: Nil) Units of ₹1,000/- each of SBI PLF Regular Plan Daily Dividend		1,901.29		
- Nil(Previous Year: 29,961) units of ₹1,001.29 each of SBI USTDF - daily dividend		-		300.00
- Nil (Previous Year: 20,000,000) units of ₹10 each of SBI debt fund series - 13 Months - Growth		-		2,000.00
- Nil (Previous Year: 10,000,000) units of ₹10 each of SBI debt fund series - 13 Months - 12 - Growth		-		1,000.00
Total		7,459.46		4,772.91
Grand Total		41,212.45		47,114.22
1. Aggregate amount of quoted investments		36,341.77		40,187.40
2. Aggregate Market Value of quoted investments		40,148.85		44,866.02
3. Aggregate amount of unquoted investments		4,927.25		6,938.62
4. Aggregate provision made for diminution in value of investments		56.57		11.80

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

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

18. INVENTORIES

(₹ in lac)

Particulars	As at 31 st March 2014		As at 31 st March 2013	
(at cost or net realisable value, whichever is lower)				
Raw materials (includes in transit ₹2,757.91 lac (Previous Year ₹3,954.01 lac))	128,622.42		114,199.15	
Less: Unrealised profit on consolidation	(133.83)	128,488.59	(329.34)	113,869.81
Work-in-Progress	19,669.02		17,076.47	
Less: Unrealised profit on consolidation	(84.92)	19,584.10	(21.04)	17,055.43
Finished Goods (includes in transit ₹150.84 lac (Previous Year ₹2.54 lac))	57,985.04		37,414.79	
Less: Unrealised profit on consolidation	(340.63)	57,644.41	(117.67)	37,297.12
Stores and Spares (includes in transit ₹1,595.91 lac (Previous Year ₹1,237.75 lac))		13,525.35		10,177.29
Total		219,242.45		178,399.65

19. TRADE RECEIVABLES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Outstanding for a period exceeding six months from the date they are due for payment :		
- Unsecured, considered good unless otherwise stated	755.29	705.10
- Doubtful	244.74	353.34
Less: Allowances for doubtful trade receivables	244.74	353.34
	755.29	705.10
Other trade receivables :		
- Unsecured, considered good	86,029.45	73,942.64
Total	86,784.74	74,647.74

20. CASH AND BANK BALANCES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Cash and cash equivalents		
a) Balances with banks		
- In current accounts	7,227.11	5,663.98
- In deposit accounts with maturity upto three months	-	0.26
b) Cheques on hand	417.98	371.25
c) Cash on hand	242.24	224.73
d) Other bank balances		
- Earmarked balances with banks*	130.12	145.46
- Deposits with maturity more than three months but less than twelve months	57.50	92.36
- Deposits with more than twelve months maturity	2,576.35	5,003.18
	10,651.30	11,501.22
Less: Amounts disclosed as other non current assets (refer note 16)	2,576.35	5,003.18
Total	8,074.95	6,498.04

* Earmarked balances with banks includes ₹118.75 lac (Previous Year ₹109.83 lac) pertaining to dividend accounts with banks and ₹ Nil (Previous Year ₹35.63 lac) pledged with government authorities and others.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

21. SHORT-TERM LOANS AND ADVANCES

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
(unsecured considered good, unless otherwise stated)		
Loans and advances to related parties (refer note 42)	1,346.73	-
Others:		
Balance with government authorities	16,659.92	9,575.58
Claims receivables	124.14	145.69
Advances to suppliers	21,015.90	27,633.19
Prepaid expenses	606.37	498.30
Other recoverables :		
- Considered good	15,448.66	9,165.96
- Considered doubtful	116.37	136.99
	15,565.03	9,302.95
Less: Allowances for doubtful advances	116.37	136.99
Total	55,201.72	47,018.72

22. OTHER CURRENT ASSETS

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
Amount recoverable from Mahavir Share Trust in respect of shares held in Trust	1,787.56	1,786.52
Mat Credit Recoverable	432.91	563.47
Total	2,220.47	2,349.99

23. REVENUE FROM OPERATIONS

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Sale of products	609,164.74	492,987.72
Sale of services	69.64	2.50
Other operating revenues :		
- Export benefits	10,265.23	7,178.19
- Others	1,297.47	1,067.59
Revenue from operations (Gross)	620,797.08	501,236.00
Less : Excise duty	4,153.89	4,028.56
Revenue from operations (Net)	616,643.19	497,207.44
Sale of products comprise :		
Yarn	304,650.50	259,951.66
Processed fabric	155,272.01	116,706.97
Thread	64,795.83	53,759.63
Fabric	32,240.74	19,361.38
Acrylic fibre and tow	27,448.23	22,804.80
Miscellaneous	20,919.40	17,879.55
Garments	3,633.10	1,928.05
Power	63.57	140.68
Raw material (Others)	-	33.36
Raw material (Cotton)	17.95	259.83
Raw material (Fibre)	123.41	161.81
Total	609,164.74	492,987.72

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

24. OTHER INCOME

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Dividend Income from long-term trade investments	95.93	76.62
Dividend income from current investments	1,455.28	618.88
Net gain on sale of investments		
- Current investments	95.35	563.43
- Long-term investments	3,134.14	181.20
Claims received	178.40	147.89
Provisions no longer required written back	717.28	438.55
Adjustment to the carrying amount of investments		
- Reversal of reduction in the carrying amount of investments	2.33	122.51
Allowances for doubtful trade receivables and advances written back	86.84	-
Net Gain on sale of Fixed Assets	673.51	583.23
Miscellaneous	952.61	1,870.90
Prior period items (net) (refer note 37)	-	297.53
Total	7,391.67	4,900.74

25. COST OF MATERIALS CONSUMED *

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Cotton #	207,339.60	171,792.90
Manmade Fibre	44,859.90	38,838.61
Yarn	18,045.47	11,804.95
Fabric	431.30	359.42
others	1,540.84	1,798.24
Acrylonitrile	20,876.00	18,878.68
Total	293,093.11	243,472.80

* Includes Cost of Goods sold

Cotton consumed is net of cotton issued for trial run production and insurance claim received on Raw material destroyed in fire of ₹ Nil (Previous Year ₹445.50 lac) & ₹10.12 lac (Previous Year ₹1,926.13 lac) respectively

26. PURCHASES OF STOCK-IN-TRADE

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Fabric	80.68	439.84
Yarn	126.00	195.25
Garments	-	0.13
Others	162.10	-
Total	368.78	635.22

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

27. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lac)

Particulars	For the year ended 31 st March 2014		For the year ended 31 st March 2013	
Inventories at the beginning of the year				
Work-in-progress	17,076.47		12,165.01	
Finished goods	37,318.21	54,394.68	30,265.55	42,430.56
Less: Insurance claim received on work in progress destroyed in fire		67.47		2,432.47
Add: Material transferred for trial run production		-		1,911.93
		54,327.21		41,910.03
Less: Closing Stock:				
Work-in-progress	19,669.02		17,076.47	
Finished goods	57,834.20	77,503.22	37,318.21	54,394.68
Total		(23,176.01)		(12,484.64)

Details of inventory :	UOM	Qty	Amount in ₹	Qty	Amount in ₹
Work-in-progress :					
Yarn			11,883.73		10,886.95
Fabric			2,340.58		1,607.69
Thread			2,803.19		2,393.93
Processed Fabric			2,248.18		1,788.64
Garment			160.73		148.08
Acrylic Fibre			232.61		251.18
Total			19,669.02		17,076.47
Finished goods :					
Yarn	MT's	15892	34,392.21	8932	17,540.13
Fabric	Mn. Mtrs	14.77	10,595.73	11.28	7,549.65
Thread	MT's	1418.50	4,863.23	1636.81	5,450.11
Processed Fabric	Mn. Mtrs	7.46	7,057.36	6.15	5,540.33
Garments	Pcs.	37632	107.00	53411	197.28
Acrylic Fibre and tow	MT's	485.34	818.67	673.99	985.78
Others			-		54.93
Total			57,834.20		37,318.21

28. EMPLOYEE BENEFITS EXPENSE

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Salaries, Wages and Bonus	36,724.24	30,771.17
Contribution to Provident and other Funds	3,498.84	3,435.20
Workmen and staff welfare	660.90	733.18
Total	40,883.98	34,939.55

29. FINANCE COSTS

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Interest expense (net)	13,989.84	16,649.84
Other borrowing costs	1,122.23	1,059.54
Total	15,112.07	17,709.38

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

30. OTHER EXPENSES

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Consumption of stores and spare parts	5,156.12	4,147.21
Dyes and Chemicals consumed	19,347.90	15,767.02
Packing materials and charges	11,127.08	9,371.44
Power and Fuel	64,869.69	55,870.02
Rent	340.61	282.45
Repairs and maintenance to Buildings	2,193.70	1,514.08
Repairs and maintenance to Machinery	16,326.44	12,909.10
Insurance	779.55	686.35
Rates and Taxes	580.48	467.64
Auditors Remuneration:	-	-
Audit Fee	60.36	51.34
Tax Audit Fee	10.14	8.74
Reimbursement of Expenses	11.54	4.83
In other capacity	19.91	10.83
Bad debts written off	212.47	207.23
Provision for Doubtful Debts and advances	-	126.06
Adjustments to carrying amount of investment		
Reduction in the carrying amount of current investments	47.10	-
loss on foreign currency transactions and translations (Net)	3,630.55	2,505.78
Forwarding Charges and Octroi	10,867.88	9,788.20
Commission to Selling Agents	5,668.16	4,639.41
Rebate and Discount	3,820.40	3,331.80
Miscellaneous	13,899.72	11,491.75
Prior period items (net) (refer note 37)	178.16	-
Total	159,147.96	133,181.28

31. CONSOLIDATION INFORMATION

(A) SUBSIDIARIES

(i) The Consolidated Financial Statements present the consolidated Accounts of Vardhman Textiles Limited and its subsidiaries and associates:

Name of Subsidiary	Extent of Parent Company's Shareholding	
	Current Year	Previous Year
a) VMT Spinning Co. Ltd.	89.44 %	73.33 %
b) VTL Investments Ltd	100.00 %	100.00 %
c) Vardhman Yarns & Threads Ltd.	51.00 %	51.00 %
d) Vardhman Acrylics Ltd. (refer note- 34)	70.00 %	67.37 %
e) Vardhman Nisshinbo Garments Company Ltd (formerly known as Vardhman Texgarments Ltd.)	51.00 %	51.00 %

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

31. CONSOLIDATION INFORMATION (contd.)

(ii) Principles of consolidation

- i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"
- ii) The Consolidated financial statements are prepared using uniform accounting policies for the transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- iii) The 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.
- iv) 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.
- v) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- vi) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- vii) 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.

(iii) Consolidated financial statement have been prepared after making the following adjustments:

- a) The dividend received by the holding company amounting to ₹1,051.57 lac (Previous Year ₹744.58 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 ₹68.04 lac (Previous Year ₹51.03 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 ₹1,295.25 lac (Previous Year ₹1,023.97 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 ₹124.74 lac (Previous Year ₹68.04 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 ₹559.39 lac (Previous Year ₹468.06 lac) has been reduced from the share of profits of the Parents Company in the Consolidated statement of Profit and Loss.
- f) Unrealised profit for the Previous Year amounting to ₹468.06 lac (Previous Year ₹172.50 lac) has been reversed during the year and has been reduced from the figure of unrealised profit amounting to ₹559.39 lac (Previous Year ₹468.06 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 ₹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 as of 31.03.2013. 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.
*Vardhman Textile Components Ltd. has ceased to be an associate of VTXL w.e.f. 31.03.2014.
 - b) The Company accounts for its share in change in net assets of the associates, post-acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates' Profit or Loss through its reserves for the balance, based on available information.
 - c) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

31. CONSOLIDATION INFORMATION (contd.)

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

(₹ in lac)

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	Accumulated profit at the year end	Carrying amount at Investment at the year end
Vardhman Spinning & General Mills Limited	50.00%	2.50	0.42	-	4.12	7.04
Vardhman Special Steels Limited	31.39%	582.50	-	-	663.74	1,246.24

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

32. THERE ARE CONTINGENT LIABILITIES IN RESPECT OF THE FOLLOWING ITEMS: NO OUTFLOW IS EXPECTED IN VIEW OF THE PAST HISTORY RELATING TO THESE ITEMS:-

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
a) Claim not acknowledge as debts	917.47	1,485.86
b) Guarantee given by the Company on behalf of another company, to the extent utilised.	232.90	232.90
c) Bank Guarantees and Letter of Credit outstanding	11,690.26	28,343.08
d) Bills discounted with banks	7,884.34	4,176.64

33. ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT (NET OF ADVANCES)

(₹ in lac)

Particulars	As at 31 st March 2014	As at 31 st March 2013
	12,868.17	27,210.29

34. During the financial year 2012-13, the Board of Directors of Vardhman Acrylics Ltd., a subsidiary company approved the buyback of upto 2 crore fully paid up equity shares of ₹10/- each, at a price not exceeding ₹12.50/- payable in cash, upto an aggregate amount not exceeding ₹25 crore from the open market through Stock Exchange(s). During the year, the Company has bought back and extinguished 1,618,512 (Previous Year 13,906,160) Equity Shares of ₹10/- each. The buyback offer was closed on May 8, 2013. Consequently ₹161.85 lac (Previous Year ₹1,390.62 lac) have been transferred to Capital Redemption Reserve as per requirements of section 77AA of Companies Act, 1956

35. 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 five segments (Previous Year six, including steel) 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.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

35. SEGMENT REPORTING (contd.)

a) Primary Segment Information :

(₹ in lac)

	Yarn		Fabric		S.Thread		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	
REVENUE															
External sales	329,531.55	280,943.40	193,239.80	139,793.62	66,579.95	55,344.52	23,354.74	19,069.96	3,683.32	1,759.09	253.82	296.85	616,643.19	497,207.44	
Inter-segment sales	111,447.02	86,641.43	1,078.15	631.39	152.64	147.89	23,519.44	24,550.71	3.34	6.43	21,579.94	18,662.85	157,780.53	130,640.70	
Other income	1,441.46	1,951.64	490.07	414.08	1,025.36	399.83	1,288.07	77.43	3.23	(4.32)	57.52	83.25	4,305.71	2,921.91	
Total revenue	442,420.04	369,536.47	194,808.02	140,839.09	67,757.95	55,892.24	48,162.25	43,698.10	3,689.89	1,761.20	21,891.28	19,042.95	778,729.43	630,770.05	
RESULT															
Segment results	72,692.58	44,057.65	28,713.18	16,703.74	10,499.20	6,867.53	5,073.99	3,174.67	(192.87)	(232.86)	5,933.03	4,341.79	122,719.11	74,912.52	
Unallocated Corporate Expenses (Net)														2,845.70	1,924.68
Operating profit														119,873.41	72,987.84
Interest expense														15,112.07	17,709.38
Income tax - Current														24,490.15	14,518.52
- Mat Credit entitlement															
- Deferred														3,719.68	2,303.82
- Fringe benefit														-	-
Profit from ordinary activities														76,551.51	38,456.12
Extraordinary loss / (income)														-	-
Net profit														76,551.51	38,456.12
OTHER INFORMATION															
Segment assets	422,383.77	373,496.86	153,966.69	129,205.20	62,458.48	56,415.21	36,901.28	31,155.51	4,357.63	4,242.83	19,729.95	17,169.22	699,797.80	611,684.82	
Unallocated Corporate Assets														86,678.42	67,186.85
Total assets	422,383.77	373,496.86	153,966.69	129,205.20	62,458.48	56,415.21	36,901.28	31,155.51	4,357.63	4,242.83	19,729.95	17,169.22	786,476.22	678,871.68	
Segment Liabilities	24,816.04	22,686.67	11,073.62	6,725.83	6,807.99	6,937.62	5,112.61	2,933.15	365.13	326.85	1,765.34	904.59	49,940.73	40,514.71	
Unallocated Corporate Liabilities														354,458.71	326,639.72
Total liabilities	24,816.04	22,686.67	11,073.62	6,725.83	6,807.99	6,937.62	5,112.61	2,933.15	365.13	326.85	1,765.34	904.59	404,399.43	367,154.43	
Capital expenditure	56,261.90	17,887.96	17,574.57	21,147.07	3,444.30	2,059.19	51.99	120.44	44.81	81.09	0.42	7.99	77,378.00	41,303.74	
Depreciation & Amortisation	21,173.66	18,627.48	7,456.08	6,218.78	2,236.28	2,314.57	1,136.76	1,128.93	130.69	121.85	959.81	958.74	33,093.27	29,370.36	
Non-cash expenses other than depreciation & amortisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

35. SEGMENT REPORTING (contd.)

b) Secondary Segment Information :

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Segment Revenue – External Turnover		
- within India	392,213.23	327,136.64
- outside India	224,429.96	170,070.80
Total Revenue	616,643.19	497,207.44

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.

36. 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 and Threads Limited
Vardhman Nisshinbo Garments Company Limited
(formerly known as Vardhman Texgarments Ltd) |
| 2. Associates | Vardhman Special Steels Ltd
Vardhman Textile Components Ltd (upto 30 th March 2014)
Vardhman Spinning & General Mills Limited
(Formerly known as Vardhman Linen Ltd.)
Marubeni Corporation, Marubeni Textiles Asia Limited,
Toho Tenax Company Limited (upto 2 nd September 2013) |
| 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 or control | Vardhman Holdings Limited
**Vardhman Apparels Limited
Smt. Banarso Devi Oswal Public Charitable Trust
Sri Aurobindo Socio Economic and Management Research Institute
*Adinath Investment and Trading Co.
*Devakar Investment and Trading Co. Limited
*Srestha Holdings Limited |

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

36. RELATED PARTY DISCLOSURE (contd.)

*Santon Finance and Investment Co. Limited
 *Flamingo Finance and Investment Co. Limited
 *Ramaniya Finance and Investment Co. Limited
 *Marshall Investment and Trading Co. (P) Limited
 *Pardeep Mercentile Co. (P) Limited
 *Plaza Trading Co. (P) Limited
 *Mahavir Spinning Mills (P) Ltd.
 (Formerly known as Vardhman Textile Processors (P) Ltd.)
 *Anklesh Investments (P) Ltd.
 *Syracuse Investment & Trading Co. (P) Ltd.
 **Northern Trading Co.
 **Ambar Syndicate
 **Paras Syndicate
 **Adinath Syndicate
 **Eastern Trading Company

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 :-

(₹ in lac)

Particulars	Associates		Key Management Personnel (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
Purchase / processing of goods	350.05	273.58	-	-	-	-	350.05	273.58
Sale/processing of goods	27.14	41.43	-	-	-	-	27.14	41.43
Sale of DEPB licences	32.33	1,050.92	-	-	-	-	32.33	1,050.92
Purchase of Fixed Assets	0.07	0.06	-	-	-	-	0.07	0.06
Donation	-	-	-	-	100.00	100.00	100.00	100.00
Rent Paid	-	-	-	-	9.61	7.81	9.61	7.81
Reimbursement of expenses received	0.33	-	-	-	-	-	0.33	-
Receipt against licence agreement*	91.00	82.00	-	-	-	-	91.00	82.00
Payment against licence agreement*	-	-	-	-	115.61	101.43	115.61	101.43
Interest paid	-	-	-	-	203.73	201.55	203.73	201.55
Interest received	150.23	268.47	-	-	-	-	150.23	268.47
Rent received	0.15	0.60	-	-	-	-	0.15	0.60
Managerial remuneration	-	-	2,159.65	1,235.68	-	-	2,159.65	1,235.68
Loan Given(Including Opening Balance)	81,891.00	68,090.37	3.15	4.72	-	-	81,894.15	68,095.09
Loan Repayment	80,544.50	68,090.37	1.57	1.57	-	-	80,546.07	68,091.94
Closing Balance	1,346.50	-	1.58	3.15	-	-	1,348.08	3.15
Loan Taken (Including opening balance)	-	-	-	-	6,909.58	4,736.30	6,909.58	4,736.30
Loan Repayment	-	-	-	-	5,304.00	4,588.50	5,304.00	4,588.50
Closing Balance	-	-	-	-	1,605.58	147.80	1,605.58	147.80
Year end balance receivable	0.23	-	-	-	3.90	-	4.13	-
Year end balance payable	-	2.01	-	-	-	-	-	2.01

* excluding service tax

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

37. PRIOR PERIOD ITEMS ARE AS FOLLOWS

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
Other Expenses	140.26	64.30
Cost of Materials Consumed	93.20	15.07
Finance Costs	(14.15)	11.24
Employee Benefits Expense	16.00	6.88
Purchase of Stock-in-trade	-	0.39
Other Income	(39.38)	(158.31)
Revenue From Operations	(17.77)	(237.10)
Net Prior period (Income)/Expense	178.16	(297.53)

38. INTEREST EXPENSE IS NET OF INTEREST INCOME FROM

(₹ in lac)

Particulars	For the year ended 31 st March 2014	For the year ended 31 st March 2013
(i) Related parties	273.12	444.61
(ii) Current investments	757.50	1,388.03
(iii) Banks and others	1,476.17	1,253.26

39. EARNING PER SHARE

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

A statement on calculation of basic and diluted EPS is as under:

(₹ in lac)

Particulars	Current Year	Previous Year
Net Profit after tax & minority interest attributable to equity shareholders	71,834.56	35,638.30
Total (A)	71,834.56	35,638.30
Weighted average number of equity shares (No in lac)	625.18	625.18
Total (B)	625.18	625.18
Basic earning per Share (₹) (A/B)	114.90	57.00
Diluted earning per Share (₹) (A/B) *	114.90	57.00
Face value per equity share (₹)	10.00	10.00

*There are no potential equity shares

40. THE DETAIL OF GOODWILL AS ON 31ST MARCH, 2014

(₹ in lac)

Particulars	Current Year	Previous Year
Goodwill as per last account	1,538.75	506.03
Less : adjusted against Capital Reserve on acquisition of shares	212.88	212.88
Total	1,325.87	293.15

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

41. PROJECT AND PRE-OPERATIVE EXPENSES :-

(₹ in lac)

Particulars	Current Year	Previous Year
Development account		
Stores & spares consumed	-	13.95
Vehicle expenses	-	0.81
Insurance	-	10.96
Miscellaneous	-	67.40
Interest	-	318.73
Total - A	-	411.85
Trial Run Expenses		
Raw Material Consumed	-	445.50
Material transferred for trial run	-	2,436.90
Power & Fuel	-	334.07
Stores & spares consumed	-	486.17
Machinery Repair	-	2.69
Salary, Wages & Bonus	-	90.11
Staff Welfare	-	0.07
Insurance	-	4.17
Selling expenses	-	62.30
Rent, Rates and Taxes	-	0.11
Miscellaneous	-	41.93
Interest	-	361.86
Total - B	-	4,265.88
Total (C=A+B)	-	4,677.73
Less : Sale of Finished Goods	-	3,291.04
Less : Export benefits received	-	83.79
Less : Finished Goods transferred from trial run	-	1,911.93
Total of trial run income - D	-	5,286.76
Net income from trial run (D - C)	-	609.03
Less : Allocated to Plant & Machinery	-	535.25
Buildings	-	54.55
Capital work in progress	-	19.23
Total Allocation- E	-	609.03
Pending Allocation (E-D)	Nil	Nil

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

43. Figures in brackets indicate deduction.

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

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

For and on behalf of the Board of Directors

SANJIV MOHAN
Partner
M. No. 086066

KARAN KAMAL WALIA
(Company Secretary)

RAJEEV THAPAR
(CGM Finance,
Accounts & Taxation)

SACHIT JAIN
(Executive Director)

S.P. OSWAL
(Chairman and
Managing Director)

PLACE : Ludhiana
DATED: 23rd May, 2014

PLACE : Mumbai
DATED : 23rd May, 2014

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)
				(₹ In lac)	(₹ In lac)	(₹ In lac)	(₹ In lac)
VMT Spg. Co. Ltd.	31.03.2014	18,515,060 of ₹10/- each	89.44%	1,523.64	Nil	4,521.17	2,055.43
VTL Investments Limited	31.03.2014	4,000,000 of ₹10/- each	100.00%	214.30	Nil	2,802.42	800.00
Vardhman Yarns & Threads Limited	31.03.2014	29,072,240 of ₹10/- each	51.00%	3,569.39	Nil	8,814.28	3235.85
Vardhman Acrylics Limited	31.03.2014	65,110,623 of ₹10/- each	70.01%	3,057.21	Nil	8,382.98	Nil
Vardhman Nisshinbo Garments Company Limited	31.03.2014	7,140,000 of ₹10/- each	51.00%	(210.71)	Nil	(562.63)	Nil

For and on behalf of the Board of Directors

PLACE : Mumbai
DATED: 23rd May, 2014

KARAN KAMAL WALIA
(Company Secretary)

RAJEEV THAPAR
(CGM Finance,
Accounts & Taxation)

SACHIT JAIN
(Executive Director)

S.P. OSWAL
(Chairman and
Managing Director)

Statement Pursuant to Section 212 (8) of the Companies Act, 1956 Relating to Subsidiary Companies:

(₹ in lac)

Particulars	VMT Spinning Company Limited		VTL Investments Limited (Formerly known as Vardhman Threads Limited)		Vardhman Yarns & Threads Limited		Vardhman Acrylics 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
(a) Capital	2,070.02	2,070.02	400.00	400.00	5,700.64	5,700.64	9,300.78	9,462.63	2,400.00	1,400.00
(b) Reserves	7,380.29	6,040.04	3,016.73	2,802.42	39,686.28	35,021.79	20,807.23	16,481.34	(1,516.39)	(1,103.23)
(c) Total Assets	15,134.26	13,973.04	3,417.13	3,203.61	62,967.17	56,627.20	38,482.53	31,879.83	4,368.17	4,259.06
(d) Total Liabilities	15,134.26	13,973.04	3,417.13	3,203.61	62,967.17	56,627.20	38,482.53	31,879.83	4,368.17	4,259.06
(e) Details of investment (Except in case of Investment in the subsidiaries)	-	-	2,738.14	2,652.55	8,410.68	6,593.87	19,412.26	13,487.27	-	-
(f) Turnover(Net)	15,765.44	14,745.41	258.50	218.63	64,304.86	53,779.55	46,848.98	43,649.41	3,660.25	1,765.52
(g) Profit before Taxation	2,381.83	800.71	249.31	256.19	10,190.33	6,366.81	5,923.44	3,794.95	(413.15)	(485.58)
(h) Provision for Taxation	678.30	256.00	35.00	50.23	3,191.52	2,052.13	1,556.62	1,354.63	-	-
(i) Profit after Taxation	1,703.53	544.71	214.31	205.96	6,998.81	4,314.68	4,366.97	2,440.39	(413.15)	(485.58)
(j) Proposed dividend (including tax thereon)	363.27	242.18	-	-	2,334.31	2,000.84	-	-	-	-

For and on behalf of the Board of Directors

PLACE : Mumbai
DATED: 23rd May, 2014

KARAN KAMAL WALIA
(Company Secretary)

RAJEEV THAPAR
(CGM Finance,
Accounts & Taxation)

SACHIT JAIN
(Executive Director)

S.P. OSWAL
(Chairman and
Managing Director)

NOTICE

Notice is hereby given that the 41st ANNUAL GENERAL MEETING of Vardhman Textiles Limited will be held on Wednesday, the 24th day of September, 2014 at 11.30 a.m. at the Registered Office of the Company situated at Chandigarh Road, Ludhiana, to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014, Statement of Profit and Loss for the year ended on that date, together with Report of the Auditors and Directors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Sachit Jain (holding DIN No. 00746409), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. To appoint the Auditors of the Company:-

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. S.C. Vasudeva & Co., Chartered Accountants (Firm Registration No. 000235N) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 44th Annual General Meeting (subject to ratification by the members at every Annual General Meeting) at a remuneration to be decided by the Chairman & Managing Director in consultation with the Auditors plus applicable service tax and re-imbusement of out of pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS:

5. **To appoint Mr. Prafull Anubhai as an Independent Director of the Company:**

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made there under and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Prafull Anubhai (DIN 00040837), who was appointed as a Director of the Company liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of consecutive five years starting from the date of this Annual General Meeting to the conclusion of 46th Annual General Meeting of the Company."

6. **To appoint Mr. Arun Kumar Purwar as an Independent Director of the Company:**

To consider and if thought fit, to pass, with or without

modification(s), the following resolution as an **Ordinary Resolution:-**

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Arun Kumar Purwar (DIN 00026383), who was appointed as a Director of the Company liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of consecutive five years starting from the date of this Annual General Meeting to the conclusion of 46th Annual General Meeting of the Company."

7. **To appoint Dr. Subash Khanchand Bijlani as an Independent Director of the Company:**

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Subash Khanchand Bijlani (DIN 01040271), who was appointed as a Director of the Company liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of consecutive five years starting from the date of this Annual General Meeting to the conclusion of 46th Annual General Meeting of the Company."

8. **To appoint Mr. Ashok Kumar Kundra as an Independent Director of the Company:**

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made there under and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ashok Kumar Kundra (DIN 00154024), who was appointed as a Director of the Company liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of consecutive five years starting from the date of this Annual General Meeting to the conclusion of 46th Annual General Meeting of the Company."

9. **To appoint Mr. Shravan Talwar as an Independent Director of the Company:**

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

“RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013, the rules made thereunder and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Shravan Talwar (DIN 01657234), who was appointed as a Director of the Company liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of consecutive three years starting from the date of this Annual General Meeting to the conclusion of 44th Annual General Meeting of the Company.”

10. **To appoint Mr. Devandra Bhushan Jain as an Independent Director of the Company:**

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV to the Companies Act, 2013, the rules made there under and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Devandra Bhushan Jain (DIN 06911676), who was appointed as an Additional Director pursuant to the provisions of Section 161 (1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of consecutive three years starting from the date of this Annual General Meeting to the conclusion of 44th Annual General Meeting of the Company.”

11. **To adopt new set of Articles of Association of the Company:**

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

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

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

12. **To re-appoint Mr. S.P. Oswal as Chairman and Managing Director of the Company:**

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203, Schedule V of Companies Act, 2013, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as per Memorandum and Articles of Association of the Company, approval of the Members be and is hereby accorded to re-appoint Mr. S.P. Oswal as the Chairman and Managing Director of the Company for a term of 5 (five) consecutive years starting from 1st June, 2014 to 31st May, 2019.”

RESOLVED FURTHER THAT Mr. S.P. Oswal shall be paid remuneration and other perquisites as per terms and conditions as detailed below:-

S. No.	Remuneration	Details
I.	Salary	In the scale of ₹367,500 - 7,500 - 397,500 per month.
II.	Commission	Equal to 2 % of net profit calculated as per Section 198 of the Companies Act, 2013 subject to total remuneration being within the limits as prescribed in Part-II of Schedule-V to the Companies Act, 2013,
III.	Perquisites	The perquisites are allowed in addition to salary and commission as per details given below, however, such perks are restricted to an amount equal to one year's salary during each year:-
a)	Housing	Free residential accommodation or House Rent Allowance equal to 40% per cent of the basic salary. Free furnishing is provided by the Company along with other amenities.
b)	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family, subject to a ceiling of one month's salary in a year or five months' salary over a period of five years.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family is reimbursed once in a year in accordance with the rules specified by the Company.
d)	Club Fees	Fees of clubs subject to a maximum of two clubs. This does not include admission and life membership fees.
e)	Personal Accident Insurance	Premium not to exceed ₹5,000/- per annum.
f)	Car & Telephone	Free use of Company's car for official work as well as for personal purposes along with Driver and telephone at Company's cost.
g)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund subject to the rules framed by the Company in this respect.
h)	Gratuity	Gratuity payable not exceeding half a month's salary for each completed year of service subject to the ceiling prescribed by the Central Government from time to time.

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

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to vary/alter at any time the remuneration, terms & conditions of the said appointment in such manner as may be approved by the Board of Directors of the Company and are acceptable to Mr.S.P. Oswal.

RESOLVED FURTHER THAT Mr. D.L. Sharma, Director, be and is hereby authorised to enter into an agreement with Mr. S.P. Oswal in respect of his re-appointment as Chairman and Managing Director of the Company, for and on behalf of the Company."

13. To appoint Mr. Sachit Jain as Joint Managing Director of the Company:-

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:-
"RESOLVED THAT pursuant to the provisions of Section 196, 197, Schedule V of Companies Act, 2013, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, approval of the Members be and is hereby accorded to appoint Mr. Sachit Jain as Joint Managing Director of the Company for a term of 2 (two) consecutive years starting from 7th August, 2014 to 6th August, 2016 on a remuneration as detailed below:-

S. No.	Remuneration	Details
I.	Salary	Salary will be in the scale of ₹250,000 - 15,000 - 265,000 per month.
II.	Commission	Commission equal to 1% of the Net Profit of the Company subject to maximum of 100% of Annual Basic Salary.
III.	Special Allowance	Special Allowance @ ₹50,000 per month.
IV.	Perquisites	The perquisites shall be allowed in addition to salary and commission. However, such perquisites shall be restricted to an amount equal to one year's salary during each year as per details given below :-
a)	Housing	Free residential accommodation or House Rent Allowance equal to 40 per cent of the basic salary and free furnishing shall be provided by the Company along with other amenities. The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.
b)	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family, subject to a ceiling of one month's salary in a year or two months' salary over a period of two years.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family shall be reimbursed once in a year in accordance with the rules specified by the Company subject to a maximum of ₹100,000 per annum.

d)	Club Fees	Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
e)	Personal Accident Insurance	Premium not to exceed ₹5,000/- per annum.
f)	Car & Telephone	Free use of Company's car for official work as well as for personal purposes along with Driver and telephone at Company's cost.
g)	Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961. The said contribution will also be subject to the rules framed by the Company in this respect.
h)	Gratuity	Gratuity payable shall not exceed half a month's salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.

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

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to vary/alter at any time the remuneration, terms & conditions of the said appointment in such manner as may be approved by the Board of Directors of the Company and are acceptable to Mr. Sachit Jain.

RESOLVED FURTHER THAT Mr. D.L. Sharma, Director, be and is hereby authorised to enter into an agreement with Mr. Sachit Jain in respect of his appointment as Joint Managing Director of the Company, for and on behalf of the Company."

14. To appoint Mr. Neeraj Jain as Joint Managing Director of the Company:-

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:-
"RESOLVED THAT pursuant to the provisions of Section 196, 197, Schedule V of Companies Act, 2013, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, approval of the Members be and is hereby accorded to appoint Mr. Neeraj Jain as Joint Managing Director of the Company for a term of 2 (two) consecutive years starting from 7th August, 2014 to 6th August, 2016 on a remuneration as detailed below:-

S. No.	Remuneration	Details
I.	Salary	Basic Salary will be in the scale of ₹220,000 - 15,000 - 235,000 per month.
II.	Commission	Commission equal to 1% of the Net Profit of the Company subject to maximum of 100% of the Annual Basic Salary.
III.	Special Allowance	Special allowance @ ₹50,000 per month.

IV.	Other Allowances	Other allowances @ ₹10,500 per month.
V.	Perquisites	The perquisites shall be allowed in addition to basic salary, special allowance and commission. However, such perquisites shall be restricted to an amount equal to one year's basic salary during each year as per details given below:-
a)	Housing	House Rent Allowance equal to 40% of basic salary.
b)	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family, subject to ceiling of one month's basic salary in a year or two month's basic salary over a period of two years.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family shall be reimbursed once in a year in accordance with the rules specified by the Company subject to a maximum of ₹100,000 per annum.
d)	Personal Accident Insurance	Premium not to exceed ₹5,000 per annum.
e)	Provident Fund & other funds.	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961. The said contribution will also be subject to the rules framed by the Company in this respect.
f)	Gratuity	Gratuity payable shall not exceed half a month's salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
G)	Car	Free use of Company's car for official work as well as for personal purposes along with Driver.

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

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to vary/alter at any time the remuneration, terms & conditions of the said appointment in such manner as may be approved by the Board of Directors of the Company and are acceptable to Mr. Neeraj Jain.

RESOLVED FURTHER THAT Mr. D.L. Sharma, Director, be and is hereby authorised to enter into an agreement with Mr. Neeraj Jain in respect of his appointment as Joint Managing Director of the Company, for and on behalf of the Company."

15. To enter into Related Party Transactions:

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

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

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

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

16. To increase the sitting fees being paid to Independent Directors of the Company and Nominee Director:

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

"RESOLVED THAT pursuant to the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of members be and is hereby given for enhancement of the sitting fees payable to the Independent Directors of the Company and Nominee Director from ₹20,000/- per Board Meeting and ₹15,000/- per Committee Meeting to ₹35,000/- per Board Meeting and ₹30,000/- per Committee Meeting.

BY ORDER OF THE BOARD

Place: Ludhiana

(KARAN KAMAL WALIA)

Dated: 7th August, 2014

Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.

However, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

2. The Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. Subject to the provisions of Section 126 of the Companies Act, 2013 (corresponding to Section 206A of the Companies Act, 1956), dividend as recommended by the Board of Directors, if declared at the meeting, will be dispatched/remitted commencing on or from 24th September, 2014.
4. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 5th September, 2014 to 24th September, 2014 (both days inclusive).**
5. 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.
6. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking appointment/re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
7. 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.
8. 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.
9. Members are requested to bring their copy of Annual report along with them to the Annual General Meeting.
10. 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.
11. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their members electronically.

In support of the Green Initiative, your Company proposes to send

the documents like Notice calling the Annual General Meeting and Annual Report containing Balance Sheet, Statement of Profit & Loss and Director's Report etc and other communications in electronic form.

The Members are requested to support this Green Initiative by registering/ updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialised form) or with Registrar & Transfer Agent, Alankit Assignments Limited, New Delhi (in case of shares held in physical form)

12. Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement, the Company is pleased to provide members a facility to exercise their right to vote at the 41st Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The e-voting period commences on 17th September, 2014 (9:00 am) and ends on 19th September, 2014 (5:00 pm). During this period shareholder's of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 26th August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after end of voting period on 19th September, 2014. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 17th September, 2014 (9:00 am) and ends on 19th September, 2014 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of 26th August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "VARDHMAN TEXTILES LIMITED" (EVSIN: 140816028) from the drop down menu and click on "SUBMIT"
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) *Members who have not updated their PAN with the Company /Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio/Demat Account number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. In case either of the details are not recorded with the depository/RTA please enter <YOUR NUMBER OF SHARES> in the Dividend Bank details field.

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN: 140816028 for <VARDHMAN TEXTILES LIMITED> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change

your vote, click on "CANCEL" and accordingly modify your vote.

- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders:
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

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

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

13. M/s. B.K. Gupta & Associates, Company Secretaries have been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e voting process). The Scrutiniser shall within a period of three working days from the conclusion of E-voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
14. The Results shall be declared at the Annual General Meeting of the Company. The results declared along with the Scrutiniser's report shall be placed on the Company's website www.vardhman.com and on the website of CDSL within 2(two) working days of the passing of the resolution at the Annual General Meeting of the Company and communicated to the stock exchanges.
15. MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

BY ORDER OF THE BOARD

Place: Ludhiana
Dated: 7th August, 2014

(KARAN KAMAL WALIA)
Company Secretary

ANNEXURE TO THE NOTICE: STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5 TO 9 OF THE SPECIAL BUSINESS:

In accordance with the provisions of Section 149 of the Companies Act, 2013 which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of Directors as Independent Directors who are not liable to retire by rotation and who shall hold office upto a term of consecutive five years.

The Company had appointed Mr. Prafull Anubhai, Mr. Arun Kumar Purwar, Dr. Subash Khanchand Bijlani, Mr. Ashok Kumar Kundra and Mr. Shravan Talwar, all as Non- Executive Directors, liable to retire by rotation under the Companies Act, 1956.

Consequent to the applicability of the Companies Act, 2013, it is proposed to appoint Mr. Prafull Anubhai, Mr. Arun Kumar Purwar, Dr. Subash Khanchand Bijlani and Mr. Ashok Kumar Kundra as Independent Directors of the Company for a term of consecutive five years starting from the date of this Annual General Meeting to the conclusion of 46th Annual General Meeting of the Company. It is also proposed to appoint Mr. Shravan Talwar as Independent Director of the Company for a term of consecutive three years starting from the date of this Annual General Meeting to the conclusion of 44th Annual General Meeting of the Company. The Company has received consent from these Independent Directors and also declaration confirming that they are not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Clause 49 of the Listing Agreement with the Stock Exchanges.

In this regard, requisite notice in writing from a member has also been received, proposing appointment of Mr. Prafull Anubhai, Mr. Arun Kumar Purwar, Dr. Subash Khanchand Bijlani, Mr. Ashok Kumar Kundra and Mr. Shravan Talwar, as candidates for the office of Independent Director of the Company.

All these Independent Directors are Independent of the management and in the opinion of the Board they fulfill the conditions specified in the Companies Act, 2013 and rules made there under for appointment as an Independent Director of the Company. A copy of the draft letter for appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the members at the Registered Office of the Company during normal business hours on any working day. A brief profile along with other details of the Independent Directors are provided at the end of this statement.

The Board recommends the Ordinary Resolutions as set out at item numbers 5 to 9 of the Notice for approval by the shareholders.

MEMORANDUM OF INTEREST:

Other than the appointee himself, none of the other Directors, key managerial personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the proposed Resolutions as set out in item numbers 5 to 9 of this Notice. This Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

ITEM NO. 10 OF THE SPECIAL BUSINESS:

The Board of Directors of the Company in their meeting held on 7th August, 2014 had appointed Mr. Devendra Bhushan Jain as an Additional Director of the Company pursuant to Section 161 (1) of the Companies Act, 2013 and Articles of Association of the Company. He will hold office upto the date of ensuing Annual General Meeting of the Company.

The Company has received requisite notice in writing from a member proposing appointment of Mr. Devendra Bhushan Jain as candidate for the office of Independent Director of the Company for a term of consecutive three years starting from the date of this Annual General Meeting to the conclusion of 44th Annual General Meeting of the Company.

The Company has also received consent from Mr. Devendra Bhushan Jain and also declaration confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Devendra Bhushan Jain is Independent of the management and in the opinion of the Board fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as an Independent Director of the Company. A copy of the draft letter for appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the members at the Registered Office of the Company during normal business hours on any working day. A brief profile of Mr. Devendra Bhushan Jain is provided at the end of this statement.

The Board recommends the Ordinary Resolution as set out at item number 10 of the Notice for approval by the shareholders.

MEMORANDUM OF INTEREST:

Except Mr. Devendra Bhushan Jain, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 10. This Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 11 OF THE SPECIAL BUSINESS:

The Articles of Association ("AOA") of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act.

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

replace the existing AOA by a new set of Articles.

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

MEMORANDUM OF INTEREST:

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 11.

The Board commends the Special Resolution set out at Item No. 11 of the Notice for approval by the shareholders.

ITEM NO. 12 OF THE SPECIAL BUSINESS:

The Board of Directors vide resolution dated 7th May, 2010 re-appointed Mr. S. P. Oswal as the Chairman and Managing Director of the Company for a period of 5 years with effect from 1st June, 2010 to 31st May, 2015 at terms and conditions approved by the shareholders in their General meeting held on 17th July, 2010. As per Section 196 (3) of the Companies Act, 2013, if a Managing Director has attained an age of 70 years during his tenure as Managing Director, then his appointment shall be made by a Special resolution.

Mr. S.P. Oswal, Chairman & Managing Director, has attained the age of 70 years in between his tenure of 5 years starting from 1st June, 2010 to 31st May, 2015. Owing to this, the Company is now required to attain shareholders' approval by way of Special resolution so as to continue his employment as the Chairman and Managing Director of the Company.

The Board of Directors in its meeting held on 23rd May, 2014 re-appointed Mr. S.P. Oswal as the Chairman and Managing Director of the Company for a term of 5 years starting from 1st June, 2014 to 31st May, 2019. The terms and conditions of the remuneration being paid to him are detailed in the resolution. His appointment is subject to approval of members of the Company. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST:

Except Mr. S.P. Oswal, being an appointee, Mr. Sachit Jain and Mrs. Suchita Jain, being the appointee's relatives, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 12. This Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 13 OF THE SPECIAL BUSINESS:

The Board of Directors vide resolution dated 31st March, 2010 had re-appointed Mr. Sachit Jain as an Executive Director of the Company for a period of 5 years with effect from 30th March, 2010 to 29th March, 2015 at terms and conditions approved by the shareholders in their General meeting held on 17th July, 2010.

The Board of Directors in its meeting held on 7th August, 2014 had

appointed Mr. Sachit Jain as Joint Managing Director of the Company for a term of 2 (two) consecutive years starting from 7th August, 2014 to 6th August, 2016. The terms and conditions of the remuneration being paid to him are detailed in the resolution. His appointment is subject to approval of members of the Company. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST:

Except Mr. Sachit Jain, being an appointee, Mr. S.P. Oswal and Mrs. Suchita Jain, being the appointee's relatives, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 13. This Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 14 OF THE SPECIAL BUSINESS:

The Board of Directors vide resolution dated 7th February, 2013 had re-appointed Mr. Neeraj Jain as an Executive Director of the Company for a period of three years with effect from 1st April, 2013 to 31st March, 2016 at terms and conditions approved by the shareholders in their General meeting held on 31st August, 2013.

The Board of Directors in its meeting held on 7th August, 2014 had appointed Mr. Neeraj Jain as Joint Managing Director of the Company for a term of 2 (two) consecutive years starting from 7th August, 2014 to 6th August, 2016. The terms and conditions of the remuneration being paid to him are detailed in the resolution. His appointment is subject to approval of members of the Company. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST:

Except Mr. Neeraj Jain, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 14. This Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 15 OF THE SPECIAL BUSINESS:

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

Clause 49(VII) of the Listed Agreement amended vide SEBI Circular no. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 provides the Company requires shareholders' approval through special resolution for all material related party transactions. Transactions to be considered material if transactions during the year taken together exceeds 5% of annual turnover Or 20% of the net worth of the Company, whichever is higher. The materiality nature of related party transactions being entered by the Company mandates it to seek member's approval for such transactions.

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

SR. NO.	NAME OF THE RELATED PARTY	RELATIONSHIP WITH THE COMPANY	PARTICULARS OF CONTRACT OR ARRANGEMENTS	BRIEF TERMS OF CONTRACT OR ARRANGEMENTS	WHETHER ON ARM'S LENGTH
1.	VMT Spinning Company Limited	Subsidiary (89.44%)	<ul style="list-style-type: none"> Processing of goods Purchase/Sale of raw materials, finished goods and other intermediate goods Purchase/Sale of DEPB licenses Purchase/Sale of fixed assets 	At market related prices	Yes
			<ul style="list-style-type: none"> Inter-corporate deposits given/ taken Interest received/ paid 	At market determined rates	
			<ul style="list-style-type: none"> Receipt against sharing of corporate services Reimbursement of expenses (paid/received) 	At cost	
2.	Vardhman Acrylics Limited	Subsidiary (70.01%)	<ul style="list-style-type: none"> Purchase of acrylic fiber (Traded/ Manufactured) Purchase/sale of DEPB licenses Purchase/sale of fixed assets Rent Received 	At market related prices	Yes
			<ul style="list-style-type: none"> Inter-corporate deposits given/ taken Interest received/ paid 	At market determined rates	
			<ul style="list-style-type: none"> Receipt against sharing of corporate services Reimbursement of expenses (paid/ received) 	At cost	
3.	Vardhman Yarns and Threads Limited	Subsidiary (51%)	<ul style="list-style-type: none"> Purchase/Sale of yarn/ processing of goods Purchase/ sale of DEPB licences Purchase/ sale of fixed assets Rent received 	At market related prices	Yes
			<ul style="list-style-type: none"> Inter-corporate deposits given/ taken Interest received/ paid. 	At market determined rates	
			<ul style="list-style-type: none"> Receipt against sharing of corporate services Reimbursement of expenses (paid/ received) 	At cost	
4.	VTL Investments Limited	Subsidiary (100%)	<ul style="list-style-type: none"> Inter-corporate deposits given / taken Interest paid/ received 	At market determined rates	Yes
5.	Vardhman Nisshinbo Garments Company Limited	Subsidiary (51%)	<ul style="list-style-type: none"> Sale of fabric Purchase/ sale of DEPB licences Purchase/ sale of fixed assets 	At market related prices	Yes
			<ul style="list-style-type: none"> Inter-corporate deposits given/ taken Interest received/ paid 	At market determined rates	
			<ul style="list-style-type: none"> Receipt against sharing of corporate services Reimbursement of expenses (paid/ received) 	At cost	
6.	Vardhman Special Steels Limited	Associate (31.39%)	<ul style="list-style-type: none"> Inter-corporate deposits given/ taken Interest received/ paid 	At market determined rates	Yes
			<ul style="list-style-type: none"> Purchase/ sale of fixed assets/scrap 	At market related prices	
			<ul style="list-style-type: none"> Reimbursement of expenses (paid/ received) 	At cost	
7.	Devakar Investment and Trading Co. Limited	Private Companies in which Director is a member or Director.	<ul style="list-style-type: none"> Inter-corporate deposits taken Interest paid 	At market determined rates	Yes
8.	Srestha Holdings Limited				
9.	Flamingo Finance and Investment Co. Limited				
10.	Santon Finance and Investment Co. Limited				

SR. NO.	NAME OF THE RELATED PARTY	RELATIONSHIP WITH THE COMPANY	PARTICULARS OF CONTRACT OR ARRANGEMENTS	BRIEF TERMS OF CONTRACT OR ARRANGEMENTS	WHETHER ON ARM'S LENGTH
11.	Ramaniya Finance and Investment Co. Limited				
12.	Marshall Investment and Trading Co. (P) Limited				
13.	Pardeep Mercantile Co. (P) Limited				
14.	Plaza Trading Co. (P) Limited				
15.	Anklesh Investments (P) Limited				
16.	Syracuse Investment and Trading Co. (P) Limited				
17.	Mahavir Spinning Mills (P) Ltd				

The Board commends the Special Resolution set out at Item No. 15 for approval by the shareholders.

MEMORANDUM OF INTEREST:

Mr. S.P. Oswal, Mr. Sachit Jain and Mrs. Suchita Jain are concerned or interested in related parties mentioned from point no. 8 to 18. None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in any other related party in the resolution set out at Item No. 15.

ITEM NO. 16 OF THE SPECIAL BUSINESS:

Section 197 read with Rule 4 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Articles of Association of your company, provides for payment of sitting fee to every director for attending a meeting of the Board or its Committee upto a maximum amount of ₹1,00,000/- for each meeting of the Board or its Committee thereof.

The contribution, participation and valuable guidance of the Independent Directors and the Nominee Director in the affairs of the Company have increased enormously over a period of time. To commensurate their increased contribution and guidance, the Board of Directors of the Company in its meeting held on 7th August, 2014 had enhanced the sitting fee from ₹20,000/- to ₹35,000/- and from ₹15,000/- to ₹30,000/- per meeting for attending the Board Meeting and Committee Meeting respectively, subject to the consent of the Members in General Meeting. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST:

Except Mr. S.P. Oswal, Mr. D.L. Sharma, Mr. Sachit Jain, Mrs. Suchita Jain and Mr. Neeraj Jain, all other Directors of the Company are interested in the resolution set out at Item No. 16.

INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT(S) REGARDING THE DIRECTORS SEEKING RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING

Name of the Director	Mr. A.K. Purwar	Mr. Prafull Anubhai	Dr. S.K. Bijlani	Mr. A.K. Kundra
Date of Birth	14.05.1946	20.01.1938	06.09.1942	15.04.1943
Date of Appointment	01.06.2007	26.07.1980	30.03.2005	28.01.2009
Expertise in specific functional area	Eminent Banker having experience of more than 40 years in Banking.	Industrialist and Business Consultant having experience of more than 41 years.	Industrial & Business experience of more than 49 years.	Retired from Indian Administrative services.
Qualification	M.Com, PGDCA	B.Com, B.S.C. (Eco.)- London	D.M. (Doctor of Management from Maryland, USA B.Sc Tech (Mech Eng) from Manchester, UK.	M.A. Eco., Ph.D
Directorships of Other Companies as on 31 st March, 2014	<ol style="list-style-type: none"> 1. Reliance Communications Limited 2. Jindal Steels & Powers Limited 3. Apollo Tyres Limited 4. Jindal Power Limited 5. C&C Constructions Limited 6. IL&FS Renewable Energy Limited (IREL) 7. Sri Kavery Medical Care (Trichy) Limited 8. India Venture Advisors Private Limited 9. Energy Infratech Private Limited 10. ONGC-Tripura Power Co. Private Limited 11. Mizuho Securities Private Limited India 12. IIFL Holding Ltd. 13. Dr Ramesh Cardia and Multispeciality Pvt. Ltd. 14. Baroda Medicare Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Gruh Finance Limited 2. Torrent Cables Limited 3. Unichem laboratories Limited 4. Management Structure & Systems Private Ltd. 5. BOTIL Oil Tools India Pvt. Ltd. 6. Birla Sun Life Trustee Co.Pvt. Ltd. 7. Centre for Science, Technology and Policy (CSTEP) 8. Vardhman Special Steels Limited 	<ol style="list-style-type: none"> 1. Magnus Consulting Private Limited. 2. Max India Limited. 3. Max Specialty Films Limited 	<ol style="list-style-type: none"> 1. Punjab Alkalies & Chemicals Limited 2. Geojit Credits Private Limited 3. Nimbua Greenfiled (Punjab) Limited
Chairman/ Member of Committees of Other Companies as on 31 st March, 2014	<p>Investor's Grievance Committee:</p> <ol style="list-style-type: none"> 1. Reliance Communications Limited <p>Audit Committee:</p> <ol style="list-style-type: none"> 1. Reliance Communications Limited 2. Jindal Power Limited 3. Sri Kavery Medical Care (Trichy) Limited 4. ONGC-Tripura Power Co. Private Limited <p>Remuneration Committee:</p> <ol style="list-style-type: none"> 1. Reliance Communications Limited 2. IL&FS Renewable Energy Limited (IREL) 	<p>Audit Committee:</p> <ol style="list-style-type: none"> 1. Gruh Finance Limited 2. Torrent Cables Limited 3. Unichem Laboratories Ltd. 4. Birla Sun Life Trustee Co. Pvt. Ltd. 5. Vardhman Special Steels Limited <p>Shareholders/Investors Grievance Committee:</p> <ol style="list-style-type: none"> 1. Gruh Finance Ltd. 2. Torrent Cables Limited <p>Remuneration Committee:</p> <p>Unichem Laboratories Ltd.</p>	<p>Audit Committee:</p> <p>Max Specialty Films Limited</p> <p>Nomination and Remuneration Committee:</p> <p>Max Specialty Films Limited</p> <p>Investment and Finance Committee:</p> <p>Max India Limited</p>	<p>Audit Committee:</p> <p>Geojit Credits Private Limited</p> <p>Remuneration Committee:</p> <p>Punjab Alkalies & Chemicals Limited</p>
Shareholding in the Company	NIL	NIL	NIL	NIL
Relationship with other Director(s)	Not related to any Director	Not related to any Director	Not related to any Director	Not related to any Director

Name of the Director	Mr. Shravan Talwar	Mr. Devendra Bhushan Jain	Mr. S.P. Oswal
Date of Birth	17.04.1970	26.08.1942	08.04.1942
Date of Appointment	29.01.2010	07.08.2014	08.10.1973
Expertise in specific functional area	Business Executive having experience of more than 14 years in the field of Strategic Planning, marketing and Restructuring of Business Operations.	Experience in field of marketing.	Experience of more than 48 years in Textiles Industry
Qualification	M.B.A., B.A. (Computational and Applied Maths and Economics)	B.Sc.	M.Com (Gold Medalist)
Directorships of Other Companies as on 31 st March, 2014	<ol style="list-style-type: none"> 1. Moolchand Healthcare Pvt. Ltd. 2. Destiny Health Pvt.Ltd. 3. Moolchand Healthcare Foundation 4. Moolchand Group Foundation 	NIL	<ol style="list-style-type: none"> 1. Vardhman Holdings Limited 2. Vardhman Acrylics Limited 3. VTL Investments Limited 4. Vardhman Yarns and Threads Limited 5. Devakar Investment & Trading Co. Pvt. Ltd 6. Anklesh Investments (P) Ltd. 7. Srestha Holdings Limited 8. Mahavir Spinning Mills (P) Limited 9. Santon Finance & Investment Company Limited 10. Flamingo Finance & Investment Company Limited 11. Ramaniya Finance & Investment Company Limited 12. Marshall Investment & Trading Company Pvt. Ltd. 13. Pradeep Mercantile Co. Pvt. Ltd. 14. Plaza Trading Co. Pvt. Ltd. 15. Syracuse Investment & Trading Company Pvt. Ltd. 16. Nimbua Greenfield (Punjab) Limited 17. Vardhman Spinning & General Mills Limited 18. VMT Spinning Company Limited
Chairman/ Member of Committees of Other Companies as on 31 st March, 2014	-	-	-
Shareholding in the Company	NIL	NIL	643,156
Relationship with other Director(s)	Not related to any Director	Not related to any Director	Mr. Sachit Jain is the son-in-law and Mrs. Suchita Jain is the daughter of Mr. S.P. Oswal.

Name of the Director	Mr. Sachit Jain	Mr. Neeraj Jain
Date of Birth	08.07.1966	09.10.1967
Date of Appointment	13.06.1994	17.07.2010
Expertise in specific functional area	Business Executive having experience of more than 24 years in Textile Industry	Business Executive having experience of more than 22 years in Textile Industry.
Qualification	B.Tech., M.B.A.	B.Com, C.A.
Directorships of Other Companies as on 31 st March, 2014	<ol style="list-style-type: none"> 1. Vardhman Holdings Limited 2. Vardhman Acrylics Limited 3. Vardhman Apparels Limited 4. Devakar Investment and Trading Company (P) Limited 5. Plaza Trading Company(P) Limited 6. Pradeep Mercantile Company(P) Limited 7. Anklesh Investments (P) Limited 8. Marshall Investment and Trading Company (P) Limited 9. Santon Finance and Investment Company Limited 10. Flamingo Finance and Investment Company Limited 11. Ramaniya Finance and Investment Company Limited. 12. Srestha Holdings Limited 13. Syracuse Investment and Trading Company (P) Limited 14. Vardhman Yarns & Threads Limited 15. Vardhman Spinning and General Mills Ltd. 16. Vardhman Nisshinbo Garments Company Ltd. 17. Mahavir Spinning Mills (P) Ltd. 18. VTL Investments Ltd. 19. Vardhman Special Steels Limited 20. UTI Assets Management Company Limited 21. The Alloy Steels Producers Association of India 	<ol style="list-style-type: none"> 1. VMT Spinning Company Limited. 2. Vardhman Nisshinbo Garments Company Limited 3. Vardhman Apparels Limited 4. Vardhman Textile Components Limited
Chairman/ Member of Committees of Other Companies as on 31 st March, 2014	<p>Audit Committee:</p> <ol style="list-style-type: none"> 1. Vardhman Nisshinbo Garments Company Limited 2. Vardhman Yarns and Threads Limited <p>Investors' Grievance Committee:</p> <p>Vardhman Holdings Limited</p>	
Shareholding in the Company	40,005	-
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



Vardhman Textiles Limited

CHANDIGARH ROAD, LUDHIANA – 141 010.

CIN: L17111PB1973PLC003345

Phones: (0161) 2228943-48 • Fax : (0161) 2601048 & 2220766

e-mail: secretarial.lud@vardhman.com • web site: www.vardhman.com

PROXY FORM

I/We.....of.....
in the District..... being a Member/
 Members of Vardhaman Textiles Limited hereby appoint.....of.....
in the District.....
 failing him/her.....of.....in the
 District.....as my/our proxy to vote for me/us on my/our behalf at the
 41st Annual General Meeting of the Company to be held at Registered Office of the Company situated at Chandigarh Road, Ludhiana, at 11:30 a.m., on Wednesday,
 the 24th day of September 2014

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

Signature.....

Address.....

Folio no./Client Id.....

Notes:

1. A members 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.



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SUGGESTIONS

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

Suggestions

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



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ATTENDANCE SLIP

I hereby record my presence at the 41st Annual General Meeting of the above named Company being held at Registered Office of the Company situated at Chandigarh Road, Ludhiana, at 11:30 a.m. on Wednesday, the 24th day of September, 2014.

.....
Full name of the member
(IN BLOCK LETTERS)

.....
Signature

Folio No./Client-Id.....

No. of Shares held.....

.....
Full name of the Proxy

.....
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.



CORPORATE INFORMATION

Board of Directors

Mr. Shri Paul Oswal
Chairman & Managing Director

Mr. S. Khatanhar
Nominee of IDBI

Mr. Arun Kumar Purwar

Mr. Prafull Anubhai

Dr. Subash Khanchand Bijlani

Mr. Ashok Kumar Kundra

Mr. Darshan Lal Sharma

Mr. Devendra Bhushan Jain

Mr. Shravan Talwar

Mrs. Suchita Jain - *Executive Director*

Mr. Sachit Jain - *Executive Director*

Mr. Neeraj Jain - *Executive Director*

Chief Financial Officer

Mr. Rajeev Thapar

Company Secretary

Ms. Karan Kamal Walia

Auditors

M/s S.C. Vasudeva & Co.,
Chartered Accountants,
New Delhi

Bankers

State Bank of Patiala

Allahabad Bank

ICICI Bank Limited

Punjab National Bank

State Bank of India

Bank of India

Corporation Bank

IDBI Bank Limited

Canara Bank

Standard Chartered Bank

State Bank of Hyderabad

State Bank of Mysore

Axis Bank Limited

Exim Bank

Oriental Bank of Commerce

Registrar & Transfer Agent

Alankit Assignments Limited, New Delhi

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, Opposite L&T Gate
No. 6, Saki Vihar Road, Andheri (East),
Mumbai - 400 072

• 504, Dalamal House, Nariman Point,
Mumbai - 400 021

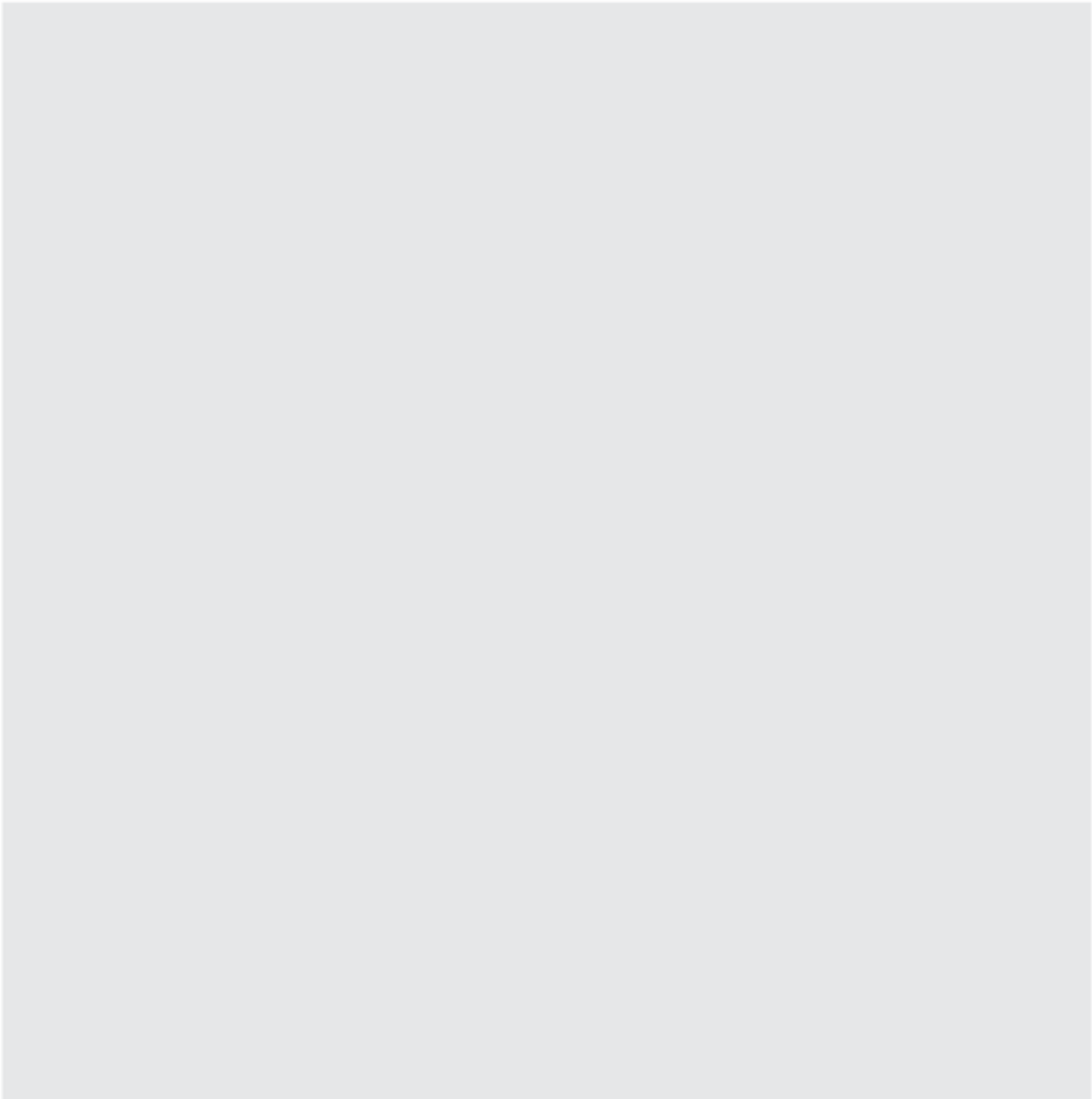
• Vardhman Fabrics,
Marketing Office, Chandigarh Road,
Ludhiana - 141 010

• 309-310, Surya Kiran Building,
19, Kasturba Gandhi Marg,
New Delhi - 110 001

• 377-B, Muthuswami Industrial
Complex, Palladam Road,
Tirupur - 638 604

• 1st Floor, Palm Court,
Opposite Management Development
Institute, MG Road, Sector-16,
Gurgaon - 122 001.

• Mahavir Spinning Mills,
Marketing office, Chandigarh Road,
Ludhiana-141 010



Vardhman Textiles Limited

Chandigarh Road, Ludhiana – 141 010.

CIN: L17111PB1973PLC003345