
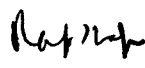

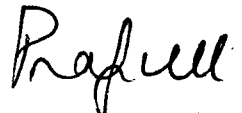


**FORM A**

**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 <sup>st</sup> March, 2015  |
| 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"><li>• Managing Director (S.P. OSWAL)</li><li>• CFO (RAJEEV THAPAR)</li><li>• Auditor of the company (SANJIV MOHAN, PARTNER M/S. S.C. VASUDEVA &amp; CO.)</li><li>• Audit Committee Chairman (PRAFULL ANUBHAI)</li></ul> | <br><br><br> |

Date: 05.08.2015

VARDHMAN TEXTILES LIMITED  
ANNUAL REPORT 2014-15

change.  
THE ONLY CONSTANT



Vardhman  
YEARS  
OF EXCELLENCE

THE JOURNEY AHEAD

|    |                               |    |                                    |     |                                   |
|----|-------------------------------|----|------------------------------------|-----|-----------------------------------|
| 02 | CORPORATE OVERVIEW            | 24 | MANAGEMENT REPORTS                 | 70  | FINANCIAL STATEMENTS              |
| 02 | OUR 50 YEARS JOURNEY          | 24 | MANAGEMENT DISCUSSION AND ANALYSIS | 70  | STANDALONE FINANCIAL STATEMENTS   |
| 15 | BUSINESS PERFORMANCE          | 36 | DIRECTOR'S REPORT                  | 108 | CONSOLIDATED FINANCIAL STATEMENTS |
| 16 | FROM THE CHAIRMAN'S DESK      | 61 | CORPORATE GOVERNANCE REPORT        | 149 | NOTICE                            |
| 22 | STATEMENT FROM THE MANAGEMENT |    |                                    |     |                                   |

THE WORLD HATES CHANGE, YET IT IS THE ONLY THING THAT HAS BROUGHT PROGRESS.  
CHARLES KETTERING

**Vardhman Group** emerged as one of the largest integrated textile manufacturing groups in India.

**The Group** invested in an operating capacity of more than a million spindles (including 7,188 rotors).

**The Group** emerged as India's second largest producer of sewing threads, leading manufacturer of hand-knitting yarn, one of the leading manufacturer-exporters of cotton yarn; leading manufacturer of piece-dyed fabric.

**The Group** enjoys alliances with global textile giants - American & Efir Global LLC (USA), Marubeni Corporation and Nisshinbo Textile, Inc. (Japan).

22

Manufacturing facilities

65

Global marketing footprint (nations)

24,500

Team size

350

Key customers

The last 50 years have been the most challenging for global business and industry.

The last 50 years have also been consistently enriching for Vardhman Group.



**INAUGURATION OF ADDITIONAL SPINDLAGE CAPACITY AT VSGM, LUDHIANA BY LATE LALA RATTAN CHAND OSWAL, FOUNDER OF VARDHMAN GROUP**

**Standalone**

3,446.43

Market capitalisation (March 31, 2015) (₹ crore)

5,776.77

Enterprise value (March 31, 2015) (₹ crore)

5,787.75

Capital employed in business (March 31, 2015) (₹ crore)

5,742.03

Net sales from operations (2014-15) (₹ crore)

**Vardhman Group**

4,591.94

Market capitalisation (March 31, 2015) (₹ crore)

7,394.01

Enterprise value (March 31, 2015) (₹ crore)

7,636.63

Capital employed in business (March 31, 2015) (₹ crore)

7,846.73

Net sales from operations (2014-15) (₹ crore)



# Gaining momentum

WE COMMITTED TO BE THE  
BEST TECHNOLOGY PROVIDER FOR ALL  
AND SYSTEMS. OUR EFFORTS  
AND SKILLS AS TOTAL SOLUTION  
PROVIDERS POSITIONED US AS  
THE MARKET LEADER IN THE  
INDUSTRIAL MARKET AND WE  
ARE MOVING TOWARDS  
BOUNDLESS OPPORTUNITIES  
ENDLESSLY



# Milestones



TESTIMONIAL

**TRÜTZSCHLER**

TRÜTZSCHLER GMBH + CO.KG · TEXTILMASCHINENFABRIK · MÖNCHENGLADBACH

GESCHÄFTSLEITUNG

To  
Vardhman Group  
India

Mönchengladbach/Germany, July 2015

On behalf of the Truetzschler Group and the owner families, we extend our best wishes and heartfelt congratulations to Mr S.P. Oswal and the Vardhman Group for completion of 50 years in business!

We feel immense pleasure and are proud to be part of this remarkable journey of Vardhman. This success story is an outcome of Mr. Oswal's vision complimented with dedication and hard work of his team. With more than 1 million spindles and growing, we wish all the best to the Vardhman Group and extend our greetings on crossing this special milestone.

*Heinrich Trützscher*  
Heinrich Trützscher

*Michael Schürenkrämer*  
Dr. Michael Schürenkrämer

Kommanditgesellschaft · Mönchengladbach HIRA 2800  
Paradisch hatende Gesellschaften:  
Trützscher Maschinen-Gesellschaft mbH · Mönchengladbach HRB 2018  
Geschäftsführer: Dr.-Ing. Michael Schürenkrämer, Heinrich Trützscher,  
Dr. rer. pol. Dirk Burger, Dipl.-Ing. Andreas Ebenhöhn

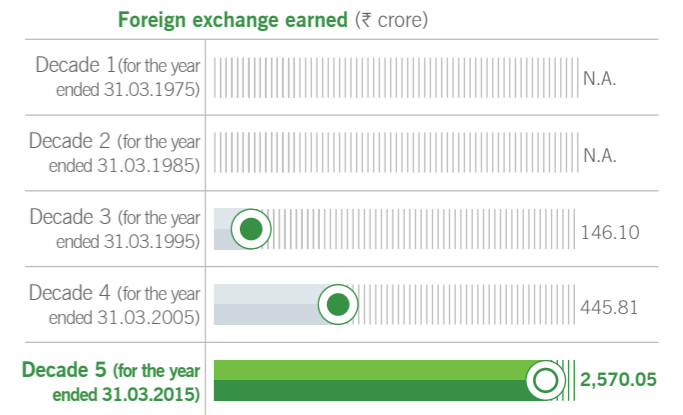
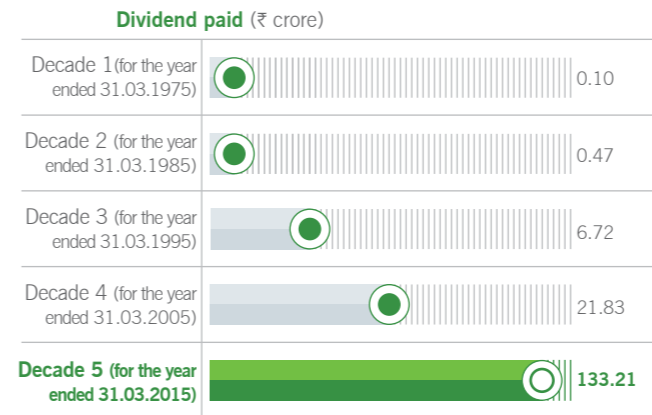
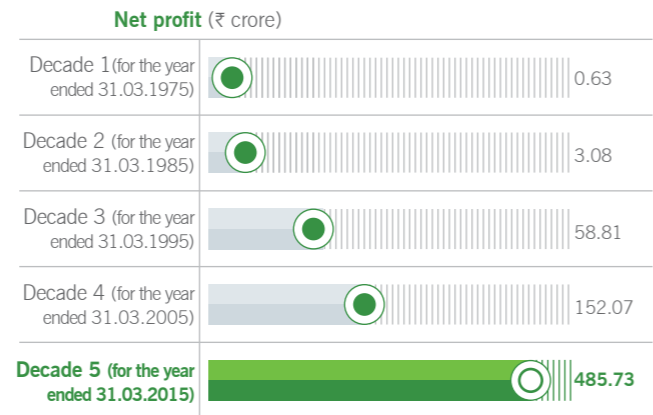
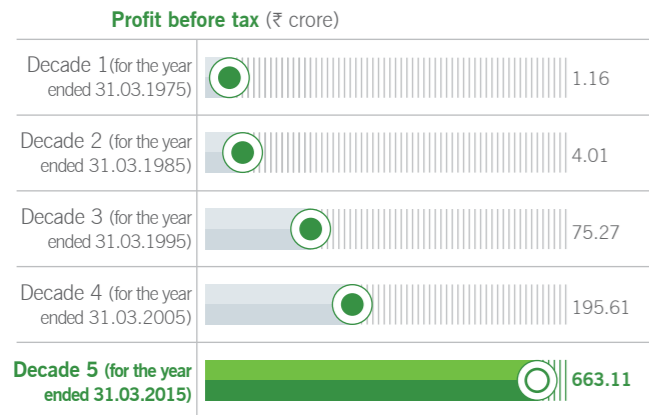
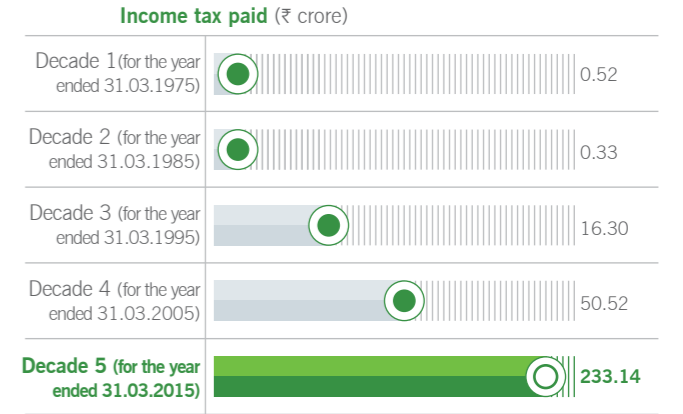
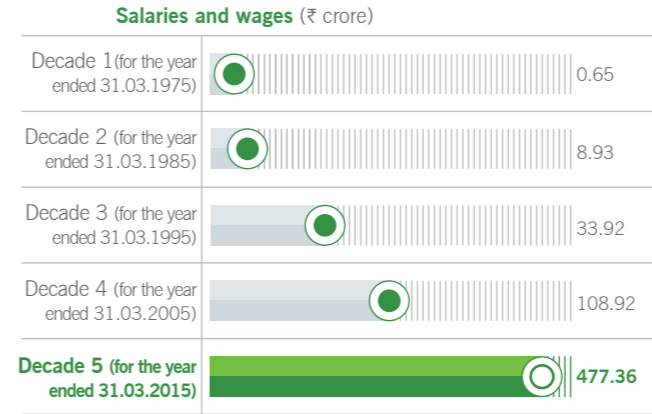
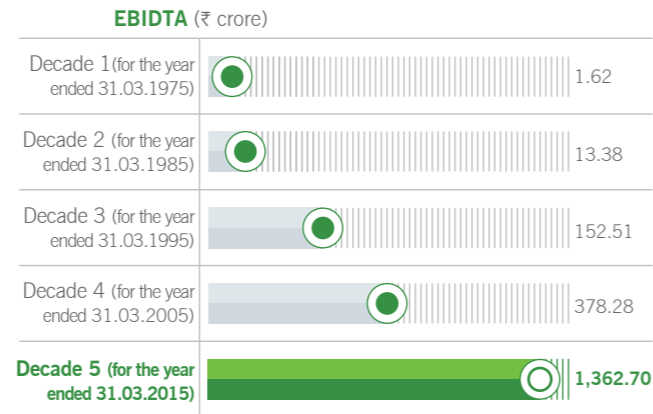
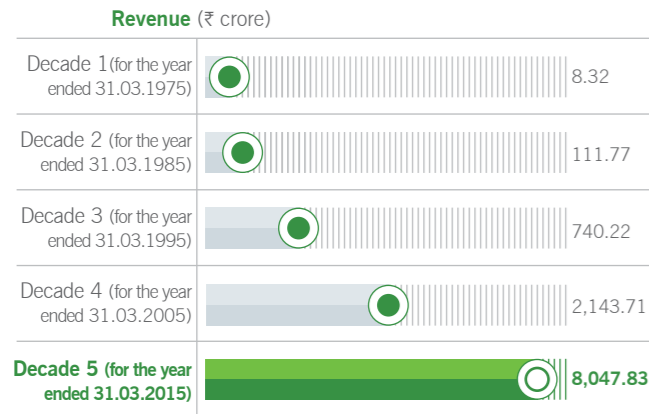
41241 Mönchengladbach  
Postfach 41 01 04  
Telefon (0 21 68) 607-0  
Telefax (0 21 68) 607-514  
www.truetzschler.com

The textiles business is one of the most challenging. Marked by capital intensity, global competition and cyclicity.

In 50 years, Vardhman Group reported profits in 47 years; grew its profits in 29 years and increased its topline in 44 years.

In the last 50 years, Vardhman Group has emerged as more than just another textile player.

It has enriched society at various levels and in diverse ways.



## When unproductive and violent unionism manifested in Vardhman's shop-floor in 1982, the management enforced a six-month lockout.

The result was that Vardhman missed promised deliveries, output declined and customers sought alternative supply options. The Company responded with change – in its mindset.

### The change

Vardhman moved with speed to examine room for improvement. An analysis indicated a growing disconnect between the Company's top floor and shop-floor teams. The management responded with corrective initiatives.

**It intensified** communication with workers through multiple forums.

**It commissioned** Manavikas Kendra, a workforce training centre in technical and behavioural competencies, for the first time in the country's textile industry.

**It introduced** employee engagement – suggestions and improvement – programmes.

**It introduced** a Quality Circle programme, another first in India's textile industry.

### The constant:

Vardhman has witnessed significantly more harmonious operations since.

#### TESTIMONIAL:

##### From Arvind Mills

"Business experience with Vardhman Group for over more than 15 years is really cheerful. They are consistent with the overall policies as well as pricing & servicing policy & proved them as a quality suppliers. Always ready to accept challenges to supply new and new products with highly service oriented team".

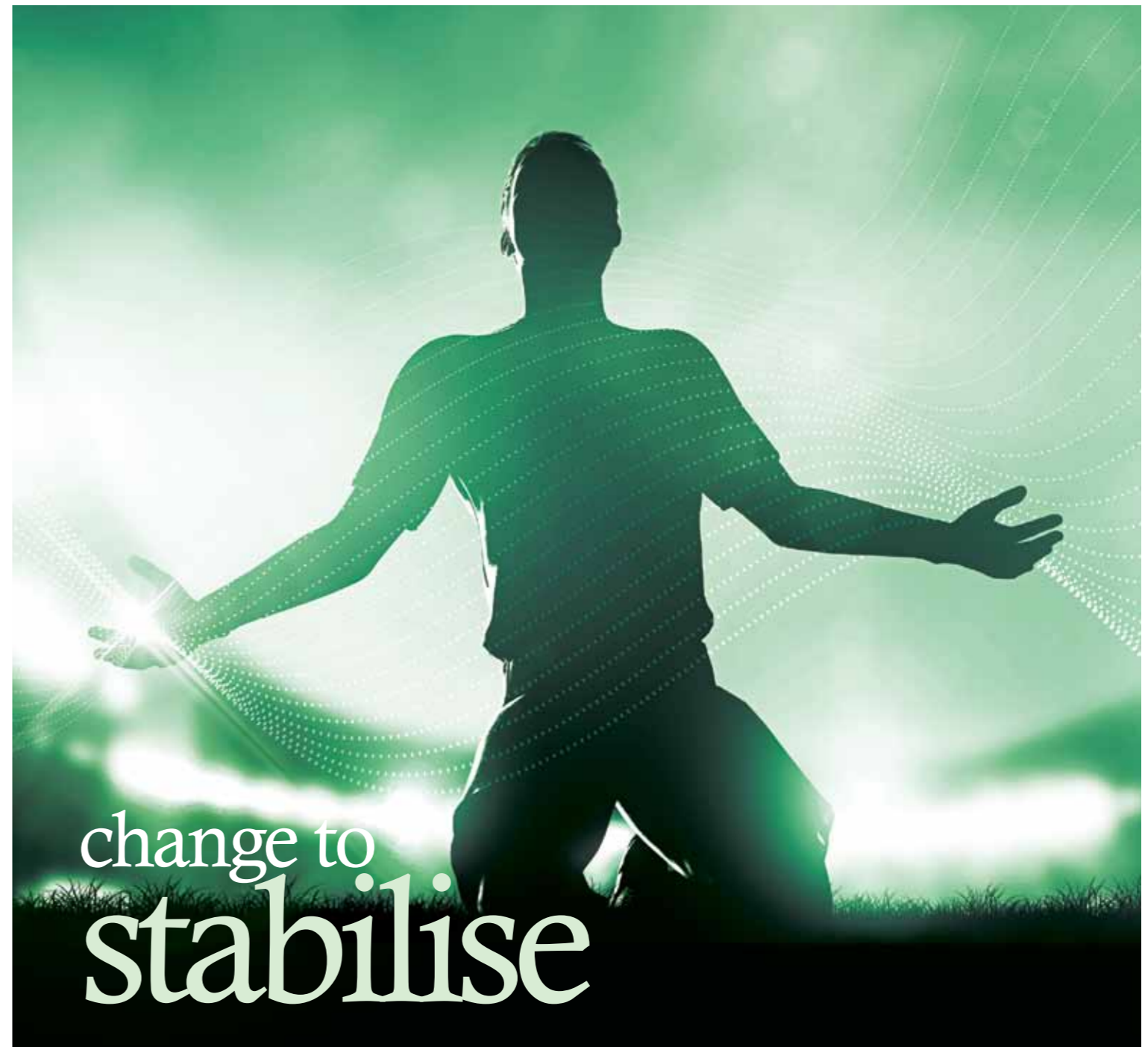
- S Fozdar

#### TESTIMONIAL:

##### From Richa Global

"We would like to congratulate the Vardhman team for reaching this milestone. They have been a pioneer and market leader in terms of product development, innovation, sourcing and most important consistent quality over all these years. We wish you best of luck for many years to come".

- Richa global family



change to  
stabilise

65+

Number of awards won by Vardhman's Quality Circle initiative at National and International forums in the decade leading to 2014-15.





Bhoomi poojan at one of the units in Baddi in 1990



Foundation laying ceremony of Vardhman Nisshinbo Garments Company Limited in 2009. The foundation stone was laid by the Hon'ble Chief Minister of Punjab, Sardar Prakash Singh Badal

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Mr. S.P. Oswal, Chairman & Managing Director of Vardhman Group, during his visit to the factory site at VSGM in the early days of Vardhman Group



Mr. S.P. Oswal's interaction with workers



TESTIMONIAL:

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65+

Number of awards won by Vardhman's Quality Circle initiative at National and International forums in the decade leading to 2014-15.



When decade-long militancy affected Punjab, the state where the textile operations of Vardhman Group were majorly located, there was always a threat of a loss of production, stakeholder confidence, customers and revenues for most players.

**Except Vardhman.**

The Company ring-fenced its intellectual capital through proactive initiatives, keeping to delivery schedules and enhancing customer confidence. Besides, it reinforced viability through a business-defining change.

**The change**

Vardhman de-risked by extending its manufacturing presence beyond Punjab – to Baddi (Himachal Pradesh) in 1990 and Mandideep (Madhya Pradesh) in 1991.

**The constant**

Vardhman volumes increased each year thereafter through ongoing benchmarking and a cross-pollination of its best practices across units.

Today, 100% of the Company's fabrics and acrylic fibre production is sourced from outside Punjab. In the area of yarns and sewing threads, 75% and 20% of the production is sourced from

outside Punjab respectively, broadening the Company's operating base and de-risking the business from an excessive dependence on any one centre.

|                                       | Decade 1<br>(for the year ended<br>31.03.1975) | Decade 2<br>(for the year ended<br>31.03.1985) | Decade 3<br>(for the year ended<br>31.03.1995) | Decade 4<br>(for the year ended<br>31.03.2005) | Decade 5<br>(for the year ended<br>31.03.2015) |
|---------------------------------------|--|--|--|--|--|
| Yarn production (MT)                  | 4,428  | 21,680   | 41,447   | 81,090   | 1,96,065                                       |
| Grey fabric production (Mn mtrs)      | NA   | NA   | 7.50   | 31.51  | 170.00   |
| Processed fabric production (Mn mtrs) | NA   | NA   | NA   | 28.47  | 110.00   |
| Sewing thread production (MT)         | NA   | 2,179  | 3,495  | 6,542  | 14,087   |
| Acrylic fibre production (MT)         | NA   | NA   | NA   | 13,368   | 20,595   |
| Shirt production (Pcs)                | NA   | NA   | NA   | NA   | 9,70,207                                       |

NA – Not applicable/available

TESTIMONIAL:

**Rieter congratulates** the Vardhman Group on their celebration of 50 glorious years. Our partnership with such a company as a textile machinery supplier challenges us to provide innovations and technical advances in order to make them even more competitive and successful also in future.

We are proud to be associated with the Vardhman Group and look forward to working with them closely for our mutual success in the industry.  
- Dr. Norbert Klapper  
Chief Executive Officer  
Rieter Machine Works Ltd.



change to  
rise

23.62%

Proportion of the Company's assets housed at its Budhni unit



Strategic meeting of Vardhman with Marubeni Corporation, Japan, at Hongkong in 1992. The meeting was conducted to discuss business prospects in Japan



Strategic agreements being signed with Japanese delegates at Baddi in 1995

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 - Dr. Norbert Klapper  
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 Rieter Machine Works Ltd.

23.62%

Proportion of the Company's assets housed at its Budhni unit



Manufacturing in progress at one of the plant in Baddi



Anant Spinning Mills, Mandideep

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23.62%

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## Even as the end-customer became more aspirational on the one hand, yarn, fabric and garment manufacturers became more demanding on the other.

In keeping with evolving business dynamics, most peers focused on establishing product superiority. Vardhman decided to look beyond.

### The change

Vardhman embarked on two initiatives. It focused on developing more and more new products; it partnered global textile players to stay at the cutting-edge of technology.

#### Product development

**It focused** on market research, analytical studies, market understanding and technology insight, which enabled it to address what customers demanded.

**It developed** the widest range of specialised greige and dyed yarns in cotton, polyester, acrylic, cellulosic and blends. In fabrics, it introduced pioneering products in the domestic market through proprietary research; its recent additions comprised stretch and high-stretch fabric for men's clothing and modal blends.

**It developed** a diverse fabric collection; the product range for Gap (U.S.), for instance, was different from s.Oliver (Germany) and other key customers.

**It created** a basket of 75,000 sewing thread varieties for a range of users (tailors to kite-flying enthusiasts, and from beauty salons to automobile seat manufacturers).

**It developed** more than 15 varieties of acrylic fibre since inception in 1990.

#### Alliances

It entered into international relationships to upgrade technology and quality

#### Yarn

Technical collaboration with Nihon Sanmo, Japan, for yarn and fibre dyeing in 1992.

Technical collaboration with Kyung Bang, South Korea, for gassed mercerised yarns in 1994.

JV with Toho Rayon for manufacturing customised yarn for the Japanese market in 1995.

Technical collaboration with Nisshinbo Textile, Inc. (Japan) for cotton yarns in 2002.

#### Fabric

Technical collaboration with Tokai Senko, Japan, for fabric processing in 1998.

Technical collaboration with Nisshinbo Textile, Inc. (Japan) for cotton fabric manufacture in 2007.

#### Sewing thread

*JV agreement* with Barbour Campbell in 1994 for the manufacture and sale of threads for special, footwear and automotive applications. The Company entered into a licensing arrangement with American & Efirid LLC. (USA) in 2001 for the sale of A&E brands of threads in India. The Company entered into a JV arrangement with American & Efirid LLC (USA) in 2008.

#### Acrylic fibre

Vardhman Acrylics Ltd. was set up based on technology sourced from Japan Exlan Company Ltd., Japan. The detailed engineering of the plant was carried out by Kawasaki Heavy Industries, Japan. Initially, Vardhman Acrylics Ltd was a joint venture of the Vardhman Group, Japan Exlan Company Ltd., and Marubeni Corporation in 1996. In 2008, Japan Exlan Company Ltd. and Marubeni Corporation divested their respective shareholdings to Vardhman and exited the joint venture.

#### Service

**It is** the constant endeavour of the Company to ensure that operations are controlled through a systems-driven approach with the objective to help achieve consistent quality.

**We strengthened** service by facilitating accessibility for customers to the top of our management.

#### The constant

More than 100 Indian customers (for yarn) have been associated with Vardhman for more than 20 years; close to 80% of the Company's international yarn business is relationship-based; about 15 customers for fabrics (both domestic and international) enjoy more than a 10-year relationship with Vardhman.

Acrylic fibre: Around six principal customers have been engaged with the Company for more than 20 years

Sewing thread: More than 1250 customers have been engaged with the Company for more than 10 years.

#### Pioneering products

##### Yarn

*1995 Mélange:* Vardhman was one of the first to introduce 100% cotton mélange into India, thereafter emerging as a market leader.

*1998 Core spun yarns:* Vardhman was one of the first to pioneer the introduction of

this technology to India; it now possesses a 30% market share in terms of spindlage.

*2004-05 Slub yarn:* Vardhman pioneered the launch and manufacture of these products in India.

##### Fabric

Vardhman is a preferred supplier to prominent global

garment makers like GAP, BR, Old Navy, H&M, Benetton and Esprit.

##### Sewing Thread

Vardhman introduced a complete A&E range of products comprising Perma Core, Perma Spun and D-Core, fusible threads and specialised embroidery threads.

#### Speciality Segment

Vardhman introduced passport thread and a complete range of threads for the automotive industry as well as threads for safety applications.

#### Consumer Segment

Vardhman introduced Tora Gold, a premium variant of Tora.



#### Personal Care

Vardhman introduced organic thread for eyebrow threading for the first time in India under the brand Organica.

#### Kite Flying

Vardhman introduced new variants of Panda (Panda Gold and Panda Platinum).

#### Key customers

|        |            |             |             |             |               |            |            |            |            |
|--------|------------|-------------|-------------|-------------|---------------|------------|------------|------------|------------|
| Yarn   | 50<br>1990 | 166<br>2000 | 224<br>2010 | 295<br>2015 | Acrylic fibre | NA<br>1990 | 12<br>2000 | 12<br>2010 | 12<br>2015 |
| Fabric | 5<br>2000  | 10<br>2010  | 20<br>2015  |             | Sewing thread | NA<br>1990 | 15<br>2000 | 20<br>2010 | 22<br>2015 |



Vardhman knitting yarn brand ambassador Ms. Shweta Tiwari



Vardhman product show being organised by its marketing department. The stall was visited by the Hon'ble Chief Minister of Punjab, Sardar Prakash Singh Badal

**Pioneering products**

**Yarn**

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| Fabric | 5    | 10   | 20   |      | Sewing thread | NA   | 15   | 20   | 22   |
|        | 2000 | 2010 | 2015 |      |               | 1990 | 2000 | 2010 | 2015 |



A random factory visit by Mr. S.P. Oswal



Visit of Japanese delegates at the time of signing off Technical Collaboration Agreements for setting up of Auro Dyeing and VMT at Baddi in 1995

**Pioneering products**

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|        | 1990 | 2000 | 2010 | 2015 |               | 1990 | 2000 | 2010 | 2015 |
| Fabric | 5    | 10   | 20   |      | Sewing thread | NA   | 15   | 20   | 22   |
|        | 2000 | 2010 | 2015 |      |               | 1990 | 2000 | 2010 | 2015 |





## For decades, India was respected for abundant and skilled shopfloor manpower.

However, a decline in skill availability and rising wages are now affecting India's competitiveness. Vardhman embarked on an important initiative to cushion the impact.

### The change

Vardhman invested progressively in automated technologies to moderate its people dependence and reinforce business management.

### Automation

Each investment in capacity augmentation comprised technology-intensive equipment from the best vendors in respective fields.

### IT solutions

**It invested** in ERP in 2000 (one of the first such instances in the Indian textile sector), one of the most sophisticated solutions integrating all business locations.

**It invested** ₹30.18 crore in IT solutions across business functions between 2000 and 2015.

**It invested** in a new ERP solution to integrate multiple platforms used by different divisions/functions.

**It invested** in contemporary IT-based solutions for production planning; it created a shared services platform for common Group services.

### The constant

The operating yarn capacity increased 2.63 times between 2000 and 2015; revenues (including inter-segment transfers) increased 5.54 times.

The operating capacity of grey fabric production increased 8.23 times between 2000 and 2015; revenues (including inter-segment transfers) increased 19.01 times.

The operating capacity of processed fabric product increased 46 times between 2000 and 2015; revenues increased 97.78 times.

### Asset class

#### Yarn

**68%** of Vardhman's spindles are less than 10 years old.

Vardhman's 10 year-plus spindles (32% of the total fleet) continue to deliver high production.

#### Fabric

**Around 32%** looms are more than 10 years old; 68% are less than 10 years old.

### Sewing thread

Around **43%** of the machinery is more than 10 years old, delivering high productivity

### Acrylic fibre

**60%** of the machinery is more than 10 years old, generating high efficiency.



change to  
excel

₹ 233.14<sup>Cr</sup>

Income tax paid during the year 2014-15

### TESTIMONIAL:

**Heartiest Congratulations** to the Vardhman Management for completing 50 years in business. Vardhman Textiles is the single largest raw material partner for Orient craft .We have done business with the group for over 25 years and they have always exceeded our expectations in terms of, service, innovation support and competitiveness.

Vardhman always delivers the highest and most consistent quality across product segments. Professionalism across the organisation is a true reflection of Management's outlook and philosophy. Under the Visionary leadership of Sh S.P. Oswal wish them Centuries of growth and Success ahead.  
- Anoop Thatai, Joint Managing Director  
Orient Craft Ltd., Gurgaon



Trophy for higher exports being received by Mr. S.P. Oswal from Mr. Shankar Dayal Sharma, the then President of India



Texprocil Award in Exports being received by Mr. Sachit Jain from Mr. Kashiram Rana, Textiles Minister, in 2000



**Asset class**

**Yarn**

68% of Vardhman's spindles are less than 10 years old.

Vardhman's 10 year-plus spindles (32% of the total fleet) continue to deliver high production.

**Fabric**

Around 32% looms are more than 10 years old; 68% are less than 10 years old.

**Sewing thread**

Around 43% of the machinery is more than 10 years old, delivering high productivity

**Acrylic fibre**

60% of the machinery is more than 10 years old, generating high efficiency.

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- Anoop Thatai, Joint Managing Director  
Orient Craft Ltd., Gurgaon



Chairman & Managing Director Mr. S.P. Oswal being conferred the "Padma Bhushan" by the then President of India Smt. Pratibha Patel



The Senior Management team. Most of these managers are still working with Vardhman



**Asset class**

**Yarn**

68% of Vardhman's spindles are less than 10 years old.

Vardhman's 10 year-plus spindles (32% of the total fleet) continue to deliver high production.

**Fabric**

Around 32% looms are more than 10 years old; 68% are less than 10 years old.

**Sewing thread**

Around 43% of the machinery is more than 10 years old, delivering high productivity

**Acrylic fibre**

60% of the machinery is more than 10 years old, generating high efficiency.

₹ 233.14<sup>cr</sup>

Income tax paid during the year 2014-15

TESTIMONIAL:

**Heartiest Congratulations** to the Vardhman Management for completing 50 years in business. Vardhman Textiles is the single largest raw material partner for Orient craft .We have done business with the group for over 25 years and they have always exceeded our expectations in terms of, service, innovation support and competitiveness.

Vardhman always delivers the highest and most consistent quality across product segments. Professionalism across the organisation is a true reflection of Management's outlook and philosophy. Under the Visionary leadership of Sh S.P. Oswal wish them Centuries of growth and Success ahead.  
- Anoop Thatai, Joint Managing Director  
Orient Craft Ltd., Gurgaon



In 50 years, Vardhman has made a unique contribution, recognised by society.

In 1997-98, the cotton farmers of Punjab faced colossal losses following the American bollworm attack. In the subsequent year, a number of farmers shifted to alternative crops; cotton cultivation declined.

At this critical juncture, when farmers were disinclined to grow cotton, Vardhman identified a cotton farmer who, due to novel farming practices, had generated a high cotton yield coupled with superior quality.

The Company honoured the farmer with a cash award, positioning him as a role model. Besides, the Company created a committee to recognise and reward other outperforming farmers, inspiring enhanced cotton cultivation.

In 2003-04, Vardhman introduced the Farmer Field School concept in Navapind village. It organised camps for farmers to be trained by subject experts from institutes and agencies. In just a year, Navapind cotton yields increased 50% over the state average.

By 2008-09, Vardhman had extended this practice across 95 villages, 6,981 farmers and 46,000 acres.

Vardhman's practice of adopting villages, appointing village scouts and engaging with universities inspired farmers and catalysed yields. This 'business beyond business' was recognised at the highest level by the President of India and this model has become prevalent among NGOs working closely with the country's textile sector.

# Vardhman's 'business beyond business' approach



### Vardhman's tenacity

In the 1980s, Vardhman was one of the first mills in India to start working in the area of cotton yarn export. Initially, there were shortcomings in quality and service, resulting in consignment rejections.

Eventually, tenacity prevailed.

We upgraded our quality through a better understanding of the market. Upgraded technology. Strengthened shop floor practices. Reinforced systems. Trained workers.

Our efforts were richly rewarded.

By 1988-90, Vardhman had emerged as the one of the largest cotton hosiery yarn exporters from the country. Today, Vardhman enjoys a 5.28% share of the total cotton yarn exported from India.

Of the total yarn being exported from India to Japan, one of the most serviced-conscious markets, Vardhman's share is a sizeable 44%.

Similarly, Vardhman embarked on the challenge to export fabrics.

The Bangladesh market, which had emerged as a big garment exporter, was targeted. We studied its potential and created a product basket specifically for that country.

Today we are exporting 35% of our fabric output globally.

# Business performance, 2014-15

VARDHMAN TEXTILES LIMITED ON STANDALONE BASIS

### Yarn division

Increased production and sales volumes (including internal transfers) by 13.12% and 20.06% respectively over the previous year

Commissioned 14,000 spindles during the year at various locations – Vardhman Yarns, Satlapur, Arisht Spinning, Arihant Spinning and VSGM.

Implemented debottlenecking and line-balancing initiatives that enhanced asset utilisation and shopfloor productivity.

### Fabric division

Increased production and sales volumes (including

internal transfers) 10.22% and 12.33% respectively over the previous year.

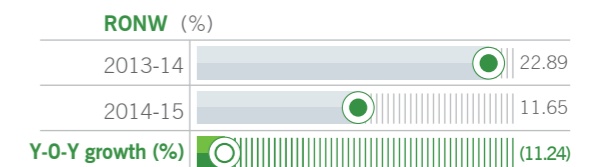
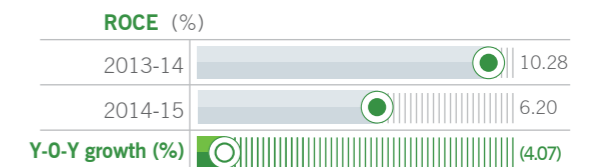
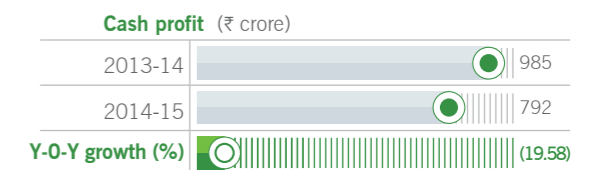
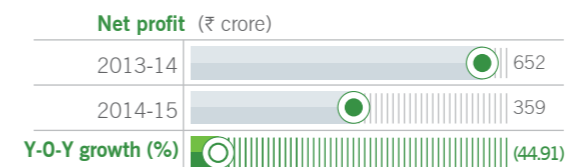
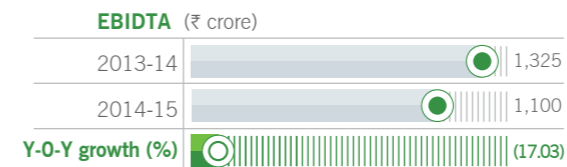
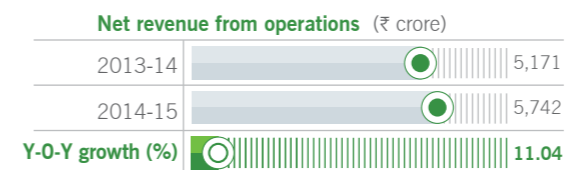
Commissioned 8 looms at Auro weaving, Baddi, in 2014-15 and 200 looms in Budhni in 2013-14 (reached optimum utilisation towards the end of 2014-15).

### Corporate

Repaid ₹835.97 crore of debt, improving gearing from 1.13 (March 31 2014) to 0.81 (March 31, 2015). The net gearing was even lower at 0.60 (March 31, 2015).

Automated processes across manufacturing plants, reducing production losses and improving manpower productivity.

Engaged various reputed consultants to standardise and reorganise the intra-organisation ERP; planned initiatives to streamline and strengthen systems and processes.





CHAIRMAN'S STATEMENT

## “Building a sustainable organisation”

**Dear shareholders,**

We are at an interesting and exciting phase in our history of 50 years. While we have accomplished a great deal, our journey is never complete, particularly in an ever-changing environment where threats and opportunities present themselves perennially. Through our experience and knowledge, we need to recognise these threats and develop capacity to adapt-to not only survive but also thrive.

**People our key assets**

The group has a Manav Vikas Kendra in every manufacturing plant, which act as the centres of such training. In turn, this moulded the organisation's behaviour towards people and became a focal point for the management, as people are the key assets to create value.

Vardhman's journey of 50 years is replete with experiences both bitter and sweet, which have helped shaped our organisational character.

In the life of a business, turbulence and crisis are inevitable between periods of calm and stability. Steering through them with a steady hand builds strength, resilience and fortitude, deepening organisational character and enabling one to move from one challenge to another. We believe that an organisation's ability to cope is fundamentally dependent on its capacity to perpetually learn from experiences. We have built processes to collectively analyse and reflect on our experiences with equanimity. We try to cultivate this attitude in

every employee. We are not daunted by failures and setbacks as we convert them into learning opportunities, embed them in our organisational memory and resolutely move forward.

In order to explain what Vardhman is today, it may be helpful to recount some of our defining moments and organisational values.

**Learning organisation**

A learning organisation has been a part of our vision. This never allows complacency in our approach and rigidity in our thoughts. A response to any situation remains dynamic and is not born out of ideological or philosophical bias. At Vardhman, we have developed a capacity to deal with every situation

through proper analysis and understanding with a fresh look through a process of introspection and re-building exercise.

Let me provide an example of one such defining moment and its outcome. In 1982, there was labour unrest in the factory, which turned violent resulting in the factory remaining closed for more than six months, threatening our survival. We extracted learnings from this incident to develop an institutionalised training and skill development programme. Beyond skill development, we underscored the dignity of work and inculcated a sense of employee belonging.

The outcome is that the Group has a Manav Vikas Kendra in each manufacturing plant, which act as the centre of such training. In turn, this has moulded the organisation's behaviour towards people and become a focal point for the management, as people are the key assets to create value. The soft processes for employee engagement like Quality Circle, TPM, Kaizen, Group Communication Meetings, etc. have been firmly embedded in our organisation's culture, which has been meaningfully embraced by our people.

(CONTINUED ON THE NEXT PAGE)

Similarly, a formidable challenge emerged in mid 1980s as lawlessness prevailed in the state of Punjab due to political turbulence and a consequent reluctance of professionals to reside within the State. We responded with two strategic initiatives – recruiting and developing local talent and geographical dispersion.

We scouted for young, smart, dedicated and ambitious young men and women with basic qualifications; through our Executive Training programme, we turned them into star performers. They have built the Vardhman of today through hard work and a sense of ownership. Simultaneously, we decided to diversify geographically, which has now given us an all-India presence marked by national visibility and a wider access to talent, raw materials and markets, generating attractive returns.

Though we remained focused for almost 30 years on spinning, when the opportunity came following

**“Pursuit of learning, drive to excel, timing of opportunities and a conservative but sound financial sense have helped us to emerge as leaders.”**

changes in Government policies that provided a level playing field for the textile composite sector, we integrated vertically in the fabrics business by establishing weaving and processing facilities. We had mastered spinning technologies and products; we were now needed to master unrelated business segments through the pursuit of excellence in our DNA, which we accomplished. We entered the sewing thread business and soon challenged the global leader in this field with a near monopoly in the Indian market. This attracted the attention of another global player with whom we forged a partnership to exploit mutual synergies.

In a short time, the Group has established a strong position in the apparel fabric segment. We enjoy the patronage of global retailers who have approved the sourcing of fabric from us for their domestic garment production and also for markets like Bangladesh, Sri Lanka and Vietnam. The hand knitting yarn of the Vardhman Group is the first preference of consumers in India. In all these businesses, we have emerged as number one or two in terms of size, market reputation and profitability.

After we commissioned an acrylic fibre venture, many new plants came up, creating a glut. The industry became sick and many units either closed or were in a precarious condition. Not only did we survive but also achieved operational benchmarks at par with global companies, remaining profitable.

A pursuit of learning, drive to excel, timing of opportunities and a conservative but sound financial sense have helped us emerge as leaders.

The manufacture of textile is an easy entry business. Competition is severe and

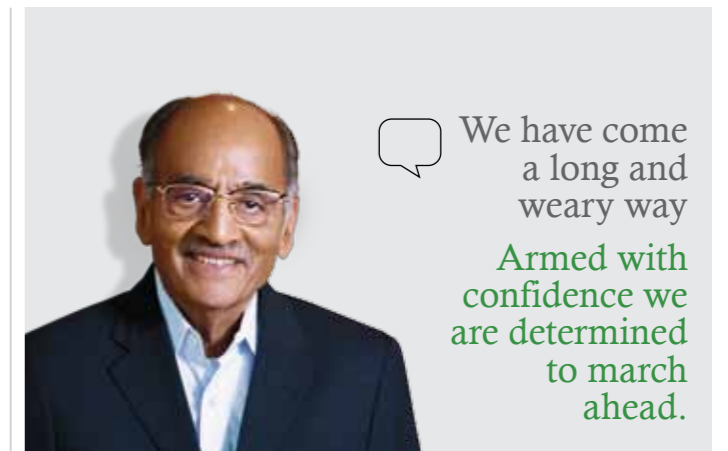
relentless. Consequently, margins are low and cyclical. Continuous growth and attractive financial returns are difficult. Only through strategic insights, prudent timing and operational excellence can sustainability be achieved. Underlying this has been our commitment to nurture talent, transparency in decision making, continuous process refinement, dedicated hard work and a focus on shareholder value.

We have come a long and weary way. Armed with confidence, we are determined to march ahead.

Companies have long lives. What is a period of 50 years? A century beckons!

On this occasion, I extend my best wishes to all my dear shareholders, co-workers and supportive stakeholders.

Let us build a wonderful future together!



CHAIRMAN'S STATEMENT

(CONTINUED FROM THE EARLIER PAGE)

|                                     | 1980   | 2000     | 2015      |
|-------------------------------------|--------|----------|-----------|
| Manufacturing facilities            | 2      | 12       | 22        |
| Team size                           | NA     | 8,100    | 24,500    |
| <b>YARN DATA</b>                    |        |          |           |
| Yarn segments                       | 6      | 12       | 15        |
| Yarn capacity (spindles)            | 95,044 | 3,96,504 | 11,13,868 |
| Yarn production (MT)                | 13,483 | 57,536   | 1,96,065  |
| Domestic customers                  | 50     | 150      | 295       |
| Market leader in yarn segments      | 3      | 8        | 8         |
| International customers             | NA     | 283      | 351       |
| Global footprint (nations)          | NA     | 37       | 65        |
| <b>FABRIC DATA</b>                  |        |          |           |
| Grey fabric capacity (Looms)        | NA     | 160      | 1,316     |
| Grey fabric production (MMPA)       | NA     | 15.60    | 170       |
| Processed fabric capacity (MMPA)    | NA     | 2.50     | 114       |
| Processed fabric production (MMPA)  | NA     | 2.57     | 110       |
| Domestic brands                     | NA     | 10       | 20        |
| International brands                | NA     | NA       | NA        |
| Global footprint (Nations)          | NA     | NA       | 32        |
| <b>SEWING THREAD</b>                |        |          |           |
| Sewing thread capacity (MT)         | 363    | 6,171    | 15,428    |
| ST production (MT)                  | 108.9  | 5,509    | 14,087    |
| Domestic brands                     | 3,977  | 20,994   | 67,664    |
| International brands                |        |          |           |
| Global footprint (nations)          | NA     | NA       | 20        |
| <b>ACRYLIC FIBRE</b>                |        |          |           |
| Acrylic fibre capacity (MT)         | NA     | 16,500   | 2,00,013  |
| Acrylic fibre production (MT)       | NA     | 15,552   | 20,595    |
| Domestic brands                     | NA     | NA       | NA        |
| International brands                | NA     | NA       | NA        |
| Global footprint (nations)          | NA     | NA       | NA        |
| <b>GARMENTS</b>                     |        |          |           |
| Shirts production (pcs)             | NA     | NA       | 9,70,207  |
| Total revenue (₹ crore)             | 58.22  | 1,460.72 | 8,047.83  |
| EBIDTA (₹ crore)                    | 10.44  | 295.48   | 1,362.70  |
| Profit after tax (₹ crore)          | 4.11   | 96.37    | 485.73    |
| Capital employed (₹ crore)          | 23.65  | 1,719.60 | 7,636.63  |
| D/E ratio                           | 1.35   | 1.15     | 0.68      |
| Gross block (₹ crore)               | 19.20  | 1,293.57 | 6,380.97  |
| Foreign exchange earnings (₹ crore) | 0.79   | 406.57   | 2,570.05  |

We are.



We were.



**Dear shareholders,**

**I**t was a difficult 2014-15 as a volatility in cotton prices adversely impacted our profitability.

However, we were able to maintain our EBITDA margin in line with our estimate of around 18%.

At a time when the external environment proved challenging, we focused on strengthening our business. Even as some capacities were commissioned in early 2014-15 (essentially a carry-forward of the expansion projects of 2013-14), a consolidation was what we focused on. The entire team worked in ushering systemic and procedural improvements. This meant debottlenecking and line-balancing, improving productivity, adding value, enriching our product mix and diversifying our customer base.

The results have been heartening. Over the last two years, we optimised our manpower requirement by about 900 people. In 2014-15 alone, our yarn production increased by around 7-8%, equivalent to investing in 1 lac new spindles – through debottlenecking initiatives with moderate costs. We are investing aggressively in sophisticated IT solutions to improve our overall control system, enabling our Group to prepare a foundation for sustainable growth.



Mr. Sachit Jain



Mr. Neeraj Jain

STATEMENT FROM THE MANAGEMENT

“Business consolidation, followed by capacity augmentation, debt liquidation and prudent investment are expected to result in consistent business growth at Vardhman over the next four to five years.”



**Sachit Jain and Neeraj Jain**

*Joint Managing Directors*

**The current year and beyond**

The current year appears to be better because of internal improvements and lower cotton prices at the beginning of the season, which can translate into lower procurement costs and moderated inventory, optimising our working capital.

For the next two years, we expect to adopt a two-pronged strategy.

Firstly, we intend to continue with our consolidation via a progressive modernisation of equipment and automation of processes.

Secondly, we expect to repay debts in excess of ₹1,250 crore over the next 24 months (about ₹700 crore in 2015-16 and about ₹550 crore in 2016-17). We are confident of securing the necessary funds largely through internal accruals and our existing surplus.

While our topline growth matures, business profitability will nudge ahead of the current levels.

**The next growth phase**

At Vardhman, we have always believed that the lynchpin of our business has been value-addition for our customers. Consequently, we maintained some extra grey fabric capacity as it provided us with the flexibility to address customer requirements. As a result, capacity addition in the fabric processing segment seemed the most logical option.

At our Company, fabric as a proportion of our overall product portfolio will grow faster than yarn. However, this does not entail that Vardhman will cease to be a dominant player in the yarn

business. We will expand our fabric and yarn capacities over the next few years.

**Message to the shareholders**

Business consolidation, followed by capacity augmentation, debt liquidation and prudent investment are expected to result in steady business growth at Vardhman over the next four to five years.

**The Company enhanced its net worth from ₹1,455.85 crore in FY10 to ₹3,083.38 crore in FY15. The Company strengthened its gearing from 1.78x (March 31, 2010) to 0.81x (March 31, 2015) despite a ₹2,148.34 crore capital investment during this period.**



**We expect to repay debts** in excess of ₹1,250 crore over the next 24 months (about ₹700 crore in 2015-16 and about ₹550 crore in 2016-17).



# Management discussion and analysis

## Economic outlook

The global economy has been steadily growing at about 3.5% in the last couple of years. In 2015, a minor correction is expected in global economic growth. There is confidence of a revival in global the economic outlook in the coming years though this view is not presently supported by economic fundamentals. Driven by higher economic growth in the advance economies and constrained by moderate growth in emerging markets especially China, the global economic environment can, at best, be termed as stable.

USA is projected to grow by 2.5% in 2015 and 3% in 2016. Europe is projected to grow by 1.5% in 2015 and 1.7% in 2016. The negative consequence of the serious Greece crisis in terms of its 'contagion effect' on the rest of EU and world has not been found, though uncertainty on this account in the near future cannot be fully discounted. Japan's GDP may also grow by about 1% in 2015.

In emerging economies, moderated GDP growth in China at about 7% is expected in 2015. Policy-induced restructuring of economic growth towards the domestic market and consumption demand are cited as the main reasons of a slowing Chinese economy. This, in turn, has affected global commodity prices adversely. Lower commodity prices, especially oil and other energy items, have helped developing countries like India in terms of lower domestic inflation and a manageable trade deficit.

## Indian economic outlook

The Indian economy is projected to grow 7.5% in 2015 and 2016 as per the new method of estimating GDP growth. In the absence of supporting global demand, the domestic market will need to drive economic growth in the next couple of years. As domestic consumption demand is also linked with domestic industrial growth outlook, large investment in public and private sector for augmenting capital formation will be the key driver. This, in turn, depends upon structural reforms, which will set the tone for the growth of the Indian economy across the coming years. The new government has to continue making substantive efforts to catalyse industry growth and other sectors through rational fiscal and monetary policies.

## Textile industry

India is the second largest global producer of textiles and garments. The abundant availability of raw materials (cotton, wool, silk and jute) and a skilled

workforce have graduated India into a global sourcing hub, employment driver and net foreign exchange earner.

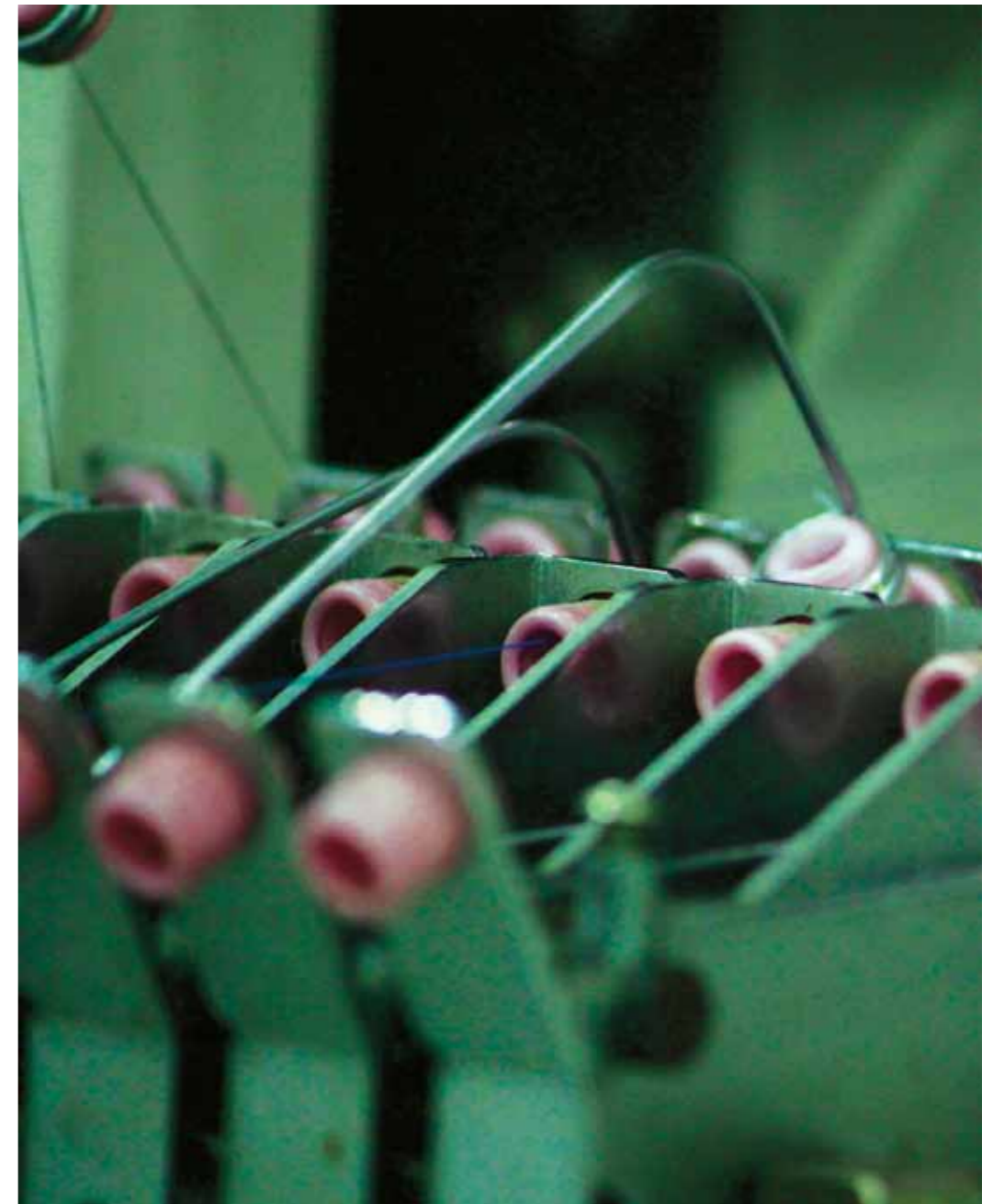
The most significant change in the Indian textiles industry has been the advent of man-made fibres (MMF). India has successfully found a place for its innovative range of MMF textiles in almost all countries. Despite this, cotton textiles continue to form the base of the industry.

The Indian textile industry is export-oriented, facing many challenges, which can be primarily attributed to sluggish global demand as well as deteriorating global competitiveness of the domestic textile industry. Having no trade pact with

**The Indian** textile industry could grow from US\$ 108 billion to US\$ 500 billion by 2025 (Source: Wazir Advisors and PCI Xylenes & Polyesters), catalysed by government support. This could attract US\$ 200 billion in investments, generating 35 million jobs.

any of the leading consuming markets of USA and EU is affecting India's textile and clothing export prospects. With Japan, India has a free trade agreement but Japan has large investments in ASEAN countries like Vietnam, Myanmar, etc. Due to their geographical proximity to China, these countries are dependent upon the Chinese textile industry for the supply of textile materials like yarns and fabrics for their garment industry. Besides, rigid labour laws, high conversion cost due to diverse incidence of taxes, surcharges being not fully refunded to the industry and lower scale of production, especially in garment manufacturing, are some of the daunting challenges confronting the Indian textile industry.

Nevertheless, there are growth opportunities for the Indian textile industry, especially in yarns and fabrics by integrating with leading readymade garment-exporting countries like Bangladesh and Vietnam. Made-ups is another promising sector. In addition, the rising cost of textile manufacturing in China offers attractive opportunities provided suitable policy actions are taken in time.



## Change in China's cotton policy

**Following** global volatility in cotton prices in 2010-11, the Chinese government announced in March 2011 that it intended to buy domestic cotton at a reserve price basis almost 35-40% higher than the international price.

**China** purchased local cotton that was later sold at a discounted price. Simultaneously, it built significant inventory (almost 60% of the global inventory as on 31<sup>st</sup> July, 2015).

**During** the current year, the Chinese government did not buy directly from farmers but provided direct subsidies

equal to the difference between market and target prices.

**In** Xinjiang, the target price was fixed at 19,800 RMB per tonne against a market price of 14,000 RMB per tonne, the Chinese Government paying the difference.

In the rest of the provinces, the government paid 2,000 RMB less per tonne.

**For** 2015-16, the price for calculating direct subsidy was reduced to 19,100 RMB per tonne for the Xinjiang region.

**Demand drivers**

India's growing population has been a key driver of textile consumption. IMF expects India's population to touch 1.34 billion by end-2019 against 1.24 billion in 2013. India's young population is influenced by evolving preferences and a growing incidence of women workers. India's rising incomes have been a key determinant of demand growth, catalysed by rural incomes as well.

**Global cotton scenario**

**Cotton season 2014-15:** At the beginning of the year, the world was sitting on an opening cotton stock of about 20 million tonnes, a result of inventory addition across the previous four years. During the current year, cotton production was estimated at about 26.17 million tonnes while consumption is expected to be approximately 24.4 million tonnes. The world could add about 1.8 million tonnes in stock by the end of this year. However, a majority of the stock addition

could transpire across the world except China. China reduced cotton purchases from the global market (in preview of no major revival in consumption) leading to a decline in international prices from historic highs.

**Cotton season 2015-16:** A decline in global cotton production (by ~8.7%) and a steady increase in consumption (by ~2.3%) will result in cotton consumption exceeding production in CY2015-16 – a first in the last five years. This will result in a decline in the global cotton stock levels, with carry-over stocks at about 20.76 million tonnes, equivalent to a stock-to-consumption ratio of ~83% compared to ~89% expected at the end of CY2014-15

Cotton production is expected to decline across all the major cotton producing countries led by China and USA due to decline in acreage as farmers shift to alternative crops.

Low domestic cotton prices have stabilised cotton consumption in China at 7.7 million tonnes in 2014-15 after falling for four consecutive seasons. In 2015-16, consumption is expected to remain stable at 7.7 million tonnes as domestic yarn competes with imports. Major growth in consumption is coming from East and South Asian countries like Vietnam, Thailand, Indonesia, Bangladesh and India.



**Indian cotton scenario**

**Cotton season 2014-15:** During 2014-15, although the area under cultivation in the country increased by about 6% to 12.3 million hectares, due to variations in the weather and water availability, there was a subsequent decline in yield. India commenced 2014-15 with an opening stock of 0.54 million tonnes, estimated to produce about 6.46 million tonnes, consume about 5.44 million tonnes and export about 1.1 million tonnes. It implies that the country will have a carry forward stock of 0.63 million tonnes.

**Cotton season 2015-16:** India will consolidate its position as the world's largest cotton producer in CY2015-16 due to relatively lower decline in the cotton production compared to China, which was the world's largest cotton producer till CY2013-14.

Cotton production in India in CY2015-16 is expected to remain the same or increase. Although there has been a decline in the projected area by about 3%, good rainfall and weather may result in increased productivity and production. The stock-to-consumption is expected to decrease further in CY2015-16 from the present 11.5%.

Lower production numbers resulted in a similar carry-forward stock from CY 2014-15, which was expected to be much higher due to a decline in exports during 2014-15, lower demand from China and the expectation of limited cotton exports in CY 2015-16 as well. India will remain the world's largest cotton producer for 2015-16.

Cotton consumption is expected to increase by about 3-4% in CY 2015-16 on account of low cotton prices, which resulted in a significant decline in the spread between cotton and polyester stable fiber.

Further, the expected improvement in the global economy may result in improved demand for textile products.

For 2015-16, the Indian government increased the Minimum Support price by ₹50/Qtl, which converts to ₹32,500/candy of the minimum level and for prices below this level; the government can intervene in the market like it did in 2014-15.

**India is the second largest cotton consumer in world, with an annual consumption of 5.4 million tonnes.**



## Business operations

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### Overview

Vardhman Textiles is an integrated textile manufacturing company with an extensive presence across the value chain – from the manufacture of fibres to yarns and from sewing threads to fabric. The Group, a few years ago, entered the garment manufacturing business through a collaboration with Nisshinbo Textile, Inc. (Japan).

Vardhman Group has 22 manufacturing facilities across India, employing more than 25,000 people. The Company enjoys global alliances with leading textile companies such as American & Efird Global LLC (USA), Marubeni Corporation (Japan) and Nisshinbo Textile, Inc. (Japan).

**Spinning section:** Vardhman (along with its subsidiaries) is one of the largest yarn manufacturers in India, manufacturing and dyeing fibres from 12 different manufacturing facilities located across Punjab, Himachal Pradesh and Madhya Pradesh.

Vardhman is the leading manufacturer and exporter of cotton yarn as well as a leading manufacturer of piece-dyed fabric. The Company is also the second largest producer of sewing threads and market leader in the area of hand-knitted yarns.

**Vardhman accounts for** ~ 5.28% of the total cotton yarn exported from India.

**Around 68%** of the Company's spindles were less than 10 years old as on 31 March 2015.

**Nearly 100%** of the yarn used by Vardhman in the manufacture of fabric is sourced from captive facilities. This has helped secure quality, consistency and availability.

**Vardhman is** one of the largest manufacturers of stretch fabric in India.

The Company's yarn product basket is divided into three categories – commodity, compact and specialised yarn – and delivers the widest range of specialised greige and dyed yarns (cotton, polyester, acrylic and other blends).

The Company's yarn business is the largest revenue generator, accounting for nearly 60% of its topline. The Company's yarn consumption is divided equally between domestic, international and captive fabric consumption. The Company is one of the largest cotton yarn exporters to quality-conscious markets (EU, US and the Far East). Approximately 70% of the yarn revenues are relationship-based, providing long-term revenue visibility.

**Fabrics:** This value-added component of Vardhman's business makes a significant contribution to profitability. The Company's 1,316

**Spinning**  
**1mn+**  
Spindles

**Fabric**  
**1,316**  
Looms

**Processing**  
**114**  
MMPA

**TESTIMONIAL:**  
**On behalf** of Fountain Set (Holdings) Limited, we would like to extend our warmest greetings and sincerest congratulations to VARDHMAN for completing 50 glorious years of success. As one of the world's largest knitted fabric manufacturers, It has been our great pleasure working with the brilliant and

dedicated team at VARDHMAN to provide quality yarns and professional services to us in the past 20+ years. We greatly appreciate for our fruitful business relationship. Please accept our best wishes for continued success and fulfilment on this very special gold anniversary occasion and in the years to come.  
- Fountain Set (Holdings) Limited



looms and 114 million metres of fabric processing infrastructure are spread across five facilities in two locations.

The Company's product basket comprised fabrics for tops (shirting) and bottoms (trousers/pants), specialised fabrics like yarn-dyed, special white and also finished fabrics with effects like liquid ammonia, teflon/nanocare (an oil and water-repellent). It is the leading manufacturer of lycra-based products in India.

The Company's customers include prominent apparel makers (Esprit, GAP, Banana Republic, Old Navy, H&M and Benetton, among others).

**Exports** comprised about 35% of the Company's fabric output in 2014-15.

**2014-15, a perspective**  
The fiscal 2014-15 was marked by cotton price volatility due to changes in the Chinese cotton

policy. The Company built a considerable high cost cotton inventory; yarn prices moved in tandem with cotton prices.

The margins from the yarn business declined, compensated by an uptick in fabric business profitability, validating the Company's operational integration. Result: the overall business generated an EBIDTA margin of around 18% in 2014-15 compared with 23.05% in the previous year.

**Yarn**  
Sales volumes (including internal transfers) increased 19.97% from 1,68,758 tonnes in 2013-14 to 2,02,467 tonnes in 2014-15

**Domestic:** 8 customers were added; 15 products were introduced

**Exports:** 27 customers were added; 16 products were introduced

Business volumes with key corporate customers were added

An output of 50 TPD (output 1 lac spindles) was generated through de-bottlenecking and line-balancing at the yarn manufacturing facilities.

14,000 spindles were added, enhancing capacity to a million-plus spindles; 7300 spindles were commissioned at the Satlapur#5 unit.

**Fabrics**  
The Company increased sales volumes (including internal transfers) 12.35% from 1,514 lac metres in 2013-14 to 1,701 lac metres in 2014-15 for grey fabric.

The Company increased sales volumes 4.60% from 1,065 lac metres in 2013-14 to 1,114 lac metres in 2014-15 for processed fabric.

The Company launched fabrics usable in high-stretch bottom weights, which was well-received by leading textile brands.

In 2014-15, seven customers were added; 30% of the sales represent products introduced in last two years.

Launched modal and tensile fabric ranges used in women's garments.

**Vardhman, a dominant hand-knit yarn player**

**Market** leader in the hand-knit yarn category

**Pan-India** presence; 1,800 retail outlets across 650 cities and towns

**45** sub-brands in various packaging categories under the umbrella brand of Vardhman knitting yarn

**Products** marketed to around six million domestic consumers

**Accounts** for 40% share of India's organised sector and 30% of the total market

**Vision of 2015-16**  
Vardhman intends to improve asset utilisation, de-bottleneck product lines, reinforce technology, improve shopfloor productivity, enhancing value and enrich the product mix. The next expansion phase is likely to commence from 2016-17 following the phased commissioning of new looms and fabric processing capacities over the following two years.

**Acrylic fibre**  
**20,000**

TPA

**Dyeing**  
**71**

TPD

**Sewing thread**  
**42**

TPD

**Garmenting**  
**1.80<sup>mn</sup>**

Pieces

# Analysis of financial statements

Vardhman Textiles reported a subdued performance as the rise in cotton prices coupled with the subdued demand adversely impacted the Company financial performance and profitability.

## Revenue from operations (gross):

Revenue from operations (gross) grew 11.04% from ₹5,171.86 crore in 2013-14 to ₹5,742.64 crore in 2014-15 due to the following realities:

**A** growth in sales volumes due to the commissioning of new capacities

**An** increase in the proportion of value-added products in the sales mix

**A** heartening increase in exports, which partly cushioned a subdued domestic market

**Operating costs:** Operating costs increased by 22.76% from ₹3,910.55 crore in 2013-14 to ₹4,800.44 crore in 2014-15. This increase was largely owing to the growing scale of operations consequent to capacity addition and an increase in cotton prices.

**Cost of materials consumed:** Cotton is the key raw material for the Company. The sudden spike in raw material cost in the initial part of the fiscal increased the raw material cost. Besides, an increase in production volumes also contributed to an increase in material costs.

**Employee expenses:** An increase in the team size for operating new capacities in the yarn and fabric verticals

and annual increment of the large team were the key factors for the 9.58% increase in the employee expenses – from ₹320.17 crore in 2013-14 to ₹350.83 crore in 2014-15.

**Other expenses:** Other expenses increased marginally by 7.46% from ₹1,250.34 crore in 2013-14 to ₹1,343.65 crore in 2014-15, the increase largely owing to:

**An** increase in power and fuel – a factor of increased operations and a tariff hike

**An** increase in dyes and chemicals costs – consequent to an increase in the demand for processed fabric

**Margins:** The unexpected hike in cotton prices, inflationary headwinds and a subdued market for textiles adversely impacted profits and profitability. EBITDA declined from ₹1,325.32 crore in 2013-14 to ₹1,099.63 crore in 2014-15, the net profit declined to ₹359.11 crore in 2014-15 from ₹651.88 crore in 2013-14.

## Balance sheet

Despite subdued performance, the Company strengthened its Balance Sheet – it reduced its debt and improved organisational liquidity.

**Capital** employed in the business declined by 8.73% from ₹6,341.46 crore as on March 31, 2014 to ₹5,787.75 crore as on March 31, 2015 even as revenues from operations increased - showcasing a better utilisation of every rupee invested in business. The return on capital employed stood at 19.00% in 2014-15 against 20.90% in 2013-14 – as the subdued business environment impacted business profitability and investment in capacity augmentation are yet to deliver desired returns.

**Shareholders' funds** increased by 8.25% from ₹2,848.32 crore as on March 31, 2014 to ₹3,083.38 crore as on March 31, 2015. This increase was largely due to a growth in the reserves and surplus as a majority of the profits earned during the year were ploughed into the Company to fund growth.

The Company's total debt portfolio decreased sharply from ₹3,227.10 crore as on March 31, 2014 to ₹2,505.89 crore as on March 31, 2015 as the Company retired long-term and short-term debt. As a result, the Company's debt-equity ratio declined from 1.13 as on March 31, 2014 to 0.81 as on March 31, 2015. Consequently, the interest expense for 2014-15 declined from ₹151.83 crore in 2013-14 to ₹121.54 crore in 2014-15.

The Company's tangible assets declined from ₹2,760.42 crore as on March 31, 2014 to ₹2,482.34 crore as on March 31, 2015 - despite an asset addition to the tangible asset block of ₹273.95 crore. The overall decline was due to the significant increase in the provision for depreciation – it increased from ₹294.13 crore in 2013-14 to ₹488.85 crore in 2014-15 – in keeping with the altered depreciation rules as per the Company's Act 2013.

The Company's net current assets stood at ₹2,540.53 crore as on March 31, 2015 against ₹2,769.96 crore as on March 31, 2014 as the Company streamlined its working capital cycle. As a

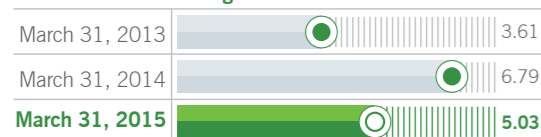
result, the trade receivables and inventory balance declined over the previous year. The average working cycle stood at 161 days in 2014-15 against 194 days in 2013-14.



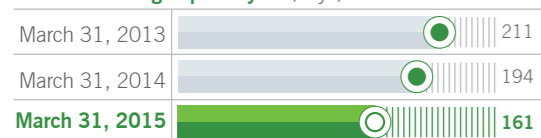
## Debt-equity ratio



## Interest coverage ratio



## Working capital cycle (days)



₹680.30cr      ₹720cr

The Company's investments in liquid assets as on March 31, 2015 which can be liquidated for business growth

The long-term debt to be repaid by the Company in 2015-16.

TESTIMONIAL:  
"Under the leadership of Shri S.P. Oswal, Vardhman Group has over the years emerged as a premier fully-integrated textiles group in the country. On the occasion of Vardhman Group's fiftieth anniversary, I would like to extend my warm wishes to the Vardhman

team for continued success in the future. We at ICICI Bank are pleased to have had a long association with Vardhman, and look forward to a fulfilling journey in the decades ahead."  
- Mrs Chanda Kochhar,  
Managing Director  
ICICI Bank Limited

# Risk Management

Risk is the manifestation of business uncertainty, affecting performance.

With India integrated into the global marketplace, the business environment for most corporates has become increasingly dynamic, increasing an apprehension of prospects.

Some apprehensions that could be detrimental to performance are indicated, coupled with strategies to mitigate their impact.

## How will the Company protect profitability amidst volatile cotton prices?

**How this affects the Company:** The Company may be caught on the wrong side of the cotton price cycle. This could saddle it with high-cost inventory on the one hand while compelling it to market yarn at unremunerative prices on the other.

**Mitigation measures:** This risk is relevant to the spinning sector; Vardhman is no exception. Vardhman has mitigated the impact through the following initiatives:

Created a dedicated cotton procurement cell manned by experts; the cell tracks events across the global industry leading to informed decisions.

Selected to manufacture a significantly large proportion of the yarn basket, comprising niche, value-added varieties marked by lower margin volatility. In addition, large customer base moderates an over-dependence on few customers.

Vertically-integrated operations, which soften the impact arising out of a decline in yarn margins through fabric margins.

## The investment-catalysing textile policies announced by state governments have increased competition. How is the Company geared to address this reality?

**How this affects the Company:** Increased competition could lead to a price erosion in key textile markets.

**Mitigation measures:** The Company believes that increased competition enhances team responsiveness but the risk can be mitigated to some extent through the following initiatives:

The Company's business is skewed towards value-added products – for yarns and fabrics

The Company provides one of the widest product baskets (yarns and fabrics), graduating it into a one-stop solutions provider

The Company has created a recall around impeccable quality, timely delivery and superior service, transforming one-off transactions into enduring relationships

The Company has maintained a much stronger Balance Sheet

## Persisting economic sluggishness in Europe and Japan could impact the offtake for Vardhman. How does the Company expect to deal with this?

**How this affects the Company:** Europe and Japan are important markets for Vardhman, accounting for nearly 13% of export volumes. A slowing economy can affect returns.

**Mitigation measures:** The Company is not impacted by the economic sluggishness in these regions; sales to Europe and Japan grew 15% and 16% CAGR respectively over the last three years for the following factors:

A majority of the customers in these markets are players who seek niche customised products; low volumes ensure sustained offtake across market cycles.

Strong ties with associates provide a clear insight into long-term demand outlook, enabling the Company to proactively take strategic decisions.

Marginal decline in volumes (worst-case) can be dovetailed by an expansive global footprint across 65 nations.

## Risk of purchasing and holding cotton

|                                |  |
|--------------------------------|--|
| <b>Global price indicators</b> | <b>Cotlook</b> A Index is the average of the 5 cheapest eligible growths in the medium grade<br><b>Indian</b> cotton is quoted lower due to ginning faults and contamination<br><b>The</b> difference between Indian cotton and Cotlook A determines the speed of purchase   |
| <b>China factor</b>            | <b>Currently</b> , China is sitting on a stock of 12 mn tonnes which is 50% of the world's consumption, 150% of China's consumption and 58% of world stock<br><b>Considering</b> the massive stock pile and the reduced quota, China's imports are expected to fall in 2015-16   |
| <b>Cotton availability</b>     | <b>The</b> Indian cotton season starts on October 1st, and arrivals peak during the December-February months<br><b>Adjustment</b> of cotton purchase in line with market arrivals  |
| <b>Other factors</b>           | <b>The</b> cotton supply and demand situation of major competing textile countries, particularly China, Pakistan, US and Bangladesh<br><b>Estimated</b> Indian cotton production based on an internal assessment in all cotton-producing states and a continuous review<br><b>Assessing</b> drivers of domestic cotton prices, whether Kapas (raw cotton) prices or seed prices, buying by domestic mills, export demand and government buying<br><b>Polyester</b> staple fibre prices (domestic and international) with regard to cotton prices<br><b>Movement</b> in crude oil prices since it has an impact on man-made fibre and cotton prices<br><b>Cost</b> of production of cotton with competing crops since cotton has to compete for acreage<br><b>Other</b> variables like foreign exchange movements |

## The Company has a debt repayment liability in excess of ₹1,200 crore in 24 months. How will it mobilise these funds?

**How this affects the Company:** The Company honours debt repayments as per agreed timelines. An inability to repay on time could impact its image.

**Mitigation measures:** The Company is prepared to mobilise these funds through the following ways:  
Maintained a cash and bank balance of ₹175.55 crore (as on March 31, 2015) and current & liquid investments of ₹549 crores.

Ensured that all capacity-enhancing projects (spinning and weaving) were commissioned and stabilised in 2013-14 and early 2014-15.

Focused on improving asset utilisation and productivity to increase output without a significant deployment of funds.

## With cash being reserved for debt repayment and no new capacities coming on stream in 24 months, how does the Company intend to enhance shareholder value?

**How this affects the Company:** The Company's growth could be plateau, adversely impacting shareholder value.

**Mitigation measures:** The Company is focused on profitable business growth over the next 24 months through the following initiatives:

The Company will focus on productivity improvement, automation and line-balancing initiatives to enhance production and optimise labour requirements.

The Company's equipment modernisation across all facilities is expected to reduce costs and enhance volumes.

The Company will develop high-value products.

The Company's debt reduction will moderate interest costs.

**THE COMPANY IS NOT IMPACTED BY THE ECONOMIC SLUGGISHNESS IN THESE REGIONS; SALES TO EUROPE AND JAPAN GREW 15% AND 16% CAGR RESPECTIVELY OVER THE LAST THREE YEARS**



**TESTIMONIAL:**  
"Vardhman has been a valued client of SCB for more than 20 years. Continued success of the company in a difficult industry is a testimony to the strong and proven management quality and leadership. SCB is proud to be a Partner in the rapid progress of the Company over the years. On its 50th anniversary, we wish VTL the very best for future growth."  
- Ananth Venkat,  
Regional Head, Corporate & Institutional Clients, South Asia,  
Standard Chartered Bank

# Directors' Report

Dear Members,

The Directors of your Company have pleasure in presenting their 42<sup>nd</sup> Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended, 31<sup>st</sup> March, 2015.

## 1. FINANCIAL RESULTS:

The financial results for the year are as under:

| PARTICULARS  | 2014-2015 | 2013-2014 |
|--|-----------|-----------|
| Revenue from operations (Net)                      | 5,742.03  | 5,171.31  |
| Profit before Depreciation, Interest & Tax (PBDIT) | 1,099.65  | 1,325.34  |
| Interest and Financial expenses                    | 121.54    | 151.83    |
| Profit before Depreciation and Tax (PBDT)          | 978.11    | 1,173.51  |
| Depreciation                                       | 488.85    | 294.13    |
| Profit before Tax (PBT)                            | 489.27    | 879.38    |
| Provision for Tax - Current                        | 186.00    | 188.50    |
| - Deferred Tax (Net of Adjustment)                 | (55.84)   | 39.00     |
| Profit for the period after tax (PAT)              | 359.11    | 651.88    |
| Earnings per share (₹)                             |           |           |
| - Basic  | 56.42     | 102.41    |
| - Diluted  | 56.42     | 102.41    |
| Dividend per share (₹)                             | 10.00     | 11.00     |

## 2. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

### Production & Sales Review:

During the year under review, your Company has registered Revenue from Operations of ₹5,742.03 crore as compared to ₹5,171.31 crore in the previous year. The export of the Company increased from ₹2,007.91 crore to ₹2,442.48 showing an increase of 21.64%

over the previous year. The business wise performance is as under:-

### a) Yarn:

The production of Yarn increased from 1,68,285 MT to 1,91,046 MT during the year 2014-15. The sales revenue of yarn increased from ₹2,980.01 crore to ₹3,365.60 crore during the year under review showing an increase of 12.94%.

### b) Fabric:

During the year, the production of grey fabric increased from 154 million meter to 170 million meter, showing an increase of 10.39% over the previous year. The production of processed fabric increased from 107 million meter to 110 million meter. The sales revenue of the fabric (grey and processed) also increased from ₹1,885.25 crore to ₹2,032.48 crore showing an increase of 7.81% over the previous year.

### Profitability:

The Company earned profit before depreciation, interest and tax of ₹1,099.65 crore as against ₹1,325.34 crore in the previous year. After providing for depreciation of ₹488.85 crore (Previous Year ₹294.13 crore), interest of ₹121.54 crore (Previous Year ₹151.83 crore), provision for current tax ₹186.00 crore (Previous Year ₹188.50 crore), deferred tax (net of adjustments) ₹(55.84) crore (Previous Year ₹39.00 crore), the net profit from operations worked out to ₹359.11 crore as compared to ₹651.88 crore in the previous year.

### Resources Utilisation:

#### a) Fixed Assets:

The net fixed assets (including Capital work-in-progress) as at 31<sup>st</sup> March, 2015 were ₹2,573.05 crore as compared to ₹2,859.26 crore in the previous year.

#### b) Current Assets:

The current assets as on 31<sup>st</sup> March, 2015 were ₹2,960.84 crore as against ₹3,408.75 crore in the previous year. Inventory level was at ₹1,636.73 crore as compared to the previous year level of ₹1871.54 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                         | 2014-2015 | 2013-2014 |
|-------------------------------------|-----------|-----------|
| <b>Cash and Cash equivalents:</b>   |           |           |
| Beginning of the year               | 52.75     | 26.63     |
| End of the year                     | 175.55    | 52.75     |
| <b>Net cash provided (used) by:</b> |           |           |
| Operating Activities                | 1,210.89  | 705.66    |
| Investing Activities                | (144.18)  | (677.47)  |
| Financial Activities                | (943.91)  | (2.07)    |

## 3. DIVIDEND:

The Board of Directors of your Company has recommended dividend of ₹10.00/- per share on the Fully Paid-up Equity Shares of the Company.

## 4. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

In terms of Section 125 of the Companies Act, 2013, unclaimed or unpaid Dividend relating to the financial year 2007-08 is due for remittance by the end of September, 2015 to the Investor Education and Protection Fund established by the Central Government.

## 5. CONSOLIDATED FINANCIAL STATEMENT:

In accordance with the Companies Act, 2013 and Accounting Standard (AS)- 21 on consolidated Financial Statements read with AS- 23 on Accounting for Investments in Associates and AS- 27 on Financial Reporting of Interests in Joint Ventures, the Audited Consolidated Financial Statement is provided in the Annual Report.

## 6. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

During the year under review, no Company has become or ceased to be Company's subsidiaries, joint ventures or associate companies. Further, the Company does not have any material subsidiary. The Company has following subsidiaries and associate companies, the details of their financials for 2014-15 are given below:

### VMT Spinning Company Limited (VMT)

This subsidiary of the Company is a Joint Venture with Marubeni Corporation and Marubeni Hong Kong and South China Limited of Japan. The Revenue from operations of the Company has increased to ₹167.23 crore from ₹157.65 crore in the last year. The Company earned a net profit of ₹2.79 crore as against the profit of ₹17.04 crore in the previous year administering a decrease of 83.63% due to depressed margins. 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 @ 10% for the year 2014-15.

### VTL Investments Limited (VTL)

This 100% subsidiary of your Company is engaged in the business of investments in 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 ₹3.07 crore.

### Vardhman Acrylics Limited (VAL)

This subsidiary of the Company is engaged in the business of manufacturing of Acrylic Fibre. Presently, the Company holds 70.75% shares in this subsidiary. During the Financial Year 2014-15, VAL recorded Revenue from operations of ₹498.08 crore (including Trading of goods of ₹153.08 crore) as against ₹468.49 crore (including trading of goods ₹133.97 crore). The net profit for the year has decreased to ₹33.42 crore from

₹43.67 crore in the previous year administering a decrease of 23.47%. The Board of Directors of VAL has recommended a dividend @ 10% for the year 2014-15.

### Vardhman Yarns & Threads Limited (VYTL)

This subsidiary of the Company, a Joint Venture with American & Efird Global LLC. (A&E), is engaged in the business of Threads Manufacturing and Distribution. The Company has a Joint Venture partnership of 51:49 with A&E, which is the second largest player in Threads Manufacturing and Distribution across the world. During the year under review, the Revenue from Operations were ₹696.62 crore as against ₹643.05 crore in the previous year registering an increase of 8.33%. The Net Profit for the year was ₹72.04 crore as compared to ₹69.99 crore during last year registering an increase of 2.93%. 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 @ 60% on its paid up equity share capital for the year 2014-15.

### Vardhman Nisshinbo Garments Company Limited (VNGL)

This subsidiary of the Company 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 ₹47.07 crore as compared to ₹36.94 crore in the previous year. The Company earned a Net Profit of ₹0.15 crore as against a net loss of ₹4.13 crore in the previous year.

### Vardhman Special Steels Limited (VSSL)

Vardhman Special Steels Limited (VSSL) is an Associate Company of the Company. The Company holds 31.39% shares of VSSL. During the year, the Revenue from Operations of the Company was ₹661.60 crore as compared to ₹370.60 crore in the previous year. The Company incurred a Net loss of ₹15.13 crore as against a net loss of ₹9.42 crore in the previous year.

### Vardhman Spinning & General Mills Limited (VSGM)

Vardhman Spinning & General Mills Limited (VSGM) is an Associate Company of the Company. The Company holds 50% shares of VSGM. It is a trading Company dealing in trading of Cotton and Fibre. During the year, the Company has not traded any goods. So, the Revenue from Operations is Nil

for the financial year 2014-15. The Company incurred a Net Loss of ₹38,062.00 as against a net loss of ₹26,155.68 in the previous year.

## 7. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

## 8. CORPORATE SOCIAL RESPONSIBILITY:

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

The Corporate Social Responsibility Committee of the Company has formulated and recommended to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR policy may be accessed on the Company's website at the link: [http://www.vardhman.com/user\\_files/d622b1c8d626fabfcec09e145cb1b4e9f4884761436264563.pdf](http://www.vardhman.com/user_files/d622b1c8d626fabfcec09e145cb1b4e9f4884761436264563.pdf).

The Company has identified following thrust areas for CSR:-

- **PROMOTION OF EDUCATION:** To continue our endeavour for promoting education by setting up schools, colleges to deliver high quality education to students of all strata of society including wards of employees of the Company.
- **ENVIRONMENT PROTECTION AND ENERGY CONSERVATION:** To protect environment and to sustain and continuously improve standards of Environment, Health and Safety through the collective endeavour of Company and its employees at all levels towards attaining world class

standards.

- **DEVELOPMENT OF HUMAN CAPITAL:** To encourage the development of human capital through skills development, vocational training programmes.
- **RURAL DEVELOPMENT:** To contribute to development in rural areas through agricultural research and knowledge sharing, promoting superior farm practices, improving cotton production, productivity and quality and other agri-extension practices such as soil and moisture conservation and watershed management etc.
- **OTHER INITIATIVES:**
  - To contribute to empowering women economically, supplementing primary and secondary education and participating in rural capacity building programmes and such other schemes.
  - To respond to emergency situations & disasters by providing timely help to affected victims and their families.
  - Any other project/ programme pertaining to activities listed in Schedule VII of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014.

During the year, the Company has spent ₹6.00 crores on CSR activities.

The disclosures related to CSR activities pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 9 of Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility) Rules, 2014 is annexed hereto and form part of this report as **Annexure - I**.

## 9. RISK MANAGEMENT:

The Board of Directors in their meeting held on 7<sup>th</sup> November, 2014 had constituted Risk Management Committee of the Company. The Committee has formulated Risk Management Policy of the Company which has been subsequently approved by the Board of Directors of the Company. The aim of risk management policy is to maximise opportunities in all activities and to minimise adversity. The policy includes identifying types of risks and its assessment, risk handling, monitoring and



reporting, which in the opinion of the Board may threaten the existence of the Company.

The Risk Management policy may be accessed on the Company's website at the link: [http://www.vardhman.com/user\\_files/a4c0a8b00e407cd507553ea7db7f06e89de1272a1436265025.pdf](http://www.vardhman.com/user_files/a4c0a8b00e407cd507553ea7db7f06e89de1272a1436265025.pdf)

#### 10. INTERNAL FINANCIAL CONTROLS:

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

#### 11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the provisions of Clause 49 of the Listing Agreement.

The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link:

[http://www.vardhman.com/user\\_files/96c45534e3ab096d9bc682f8eebade0344f915151436264609.pdf](http://www.vardhman.com/user_files/96c45534e3ab096d9bc682f8eebade0344f915151436264609.pdf)

Your Directors draw attention of the members to Note 42 to the standalone financial statement which sets out related party disclosures.

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

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient are provided in the standalone financial statement (Please refer to Note 14, 15, 16 and 17 to the standalone financial statement).

#### 13. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Neeraj Jain, Director of the Company, retires 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, offers himself for re-appointment. The Board recommended his re-appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

During the year under review, the members approved the appointments of Mr. Prafull Anubhai, Mr. A.K. Purwar, Dr. S.K. Bijlani, Mr. A.K. Kundra, Mr. Shravan Talwar and Mr. D.B. Jain as Independent Directors of the Company who are not liable to retire by rotation. The members also re-appointed Mr. S.P. Oswal as Chairman & Managing Director of the Company. Mr. Sachit Jain and Mr. Neeraj Jain were appointed as Joint Managing Directors of the Company.

The following persons were appointed as KMPs of the Company:

| Sr. No. | Whole Time Key Managerial Personnel | Present position in Company   |
|---------|-------------------------------------|-------------------------------|
| 1.      | Mr. S.P. Oswal                      | Managing Director (MD)        |
| 2.      | Ms. Karan Kamal Walia               | Company Secretary (C.S.)      |
| 3.      | Mr. Rajeev Thapar                   | Chief Financial Officer (CFO) |

#### Declaration under Section 149(6):

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules thereof.

#### Company's Policy relating to Directors appointment, payment of remuneration and discharge of their duties:

The Nomination & Remuneration Committee of the Company has formulated the Nomination & Remuneration Policy on Director's appointment and remuneration includes the criteria for determining qualifications, positive attributes, independence of a director and other matters as provided under Section 178(3) of the Companies Act, 2013.

The Nomination & Remuneration Policy is annexed hereto and form part of this report as **Annexure - II**.

#### Familiarisation programmes for Board Members:

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings on business and performance updates of the Company, global business environment, business strategy

and risks involved. Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors.

#### Annual Evaluation of the Board Performance:

The meeting of Independent Directors of the Company was held on 30<sup>th</sup> March, 2015 to evaluate the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole for the financial year 2014-15. The evaluation was done by way of discussions on the performance of the Non-Independent Directors, Chairman and Board as a whole and the minutes of the meeting was submitted to the Chairman of the Company.

A policy on the performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of Non-Executive Directors and Executive Directors have been formulated by the Company.

#### 14. AUDITORS AND AUDITORS REPORT:

##### Statutory Auditors:

At the Annual General Meeting held on 24<sup>th</sup> September, 2014, M/s. S.C. Vasudeva & Company, Chartered Accountants, New Delhi were appointed as Statutory Auditors of the Company to hold office till the conclusion of 44<sup>th</sup> Annual General Meeting of the Company. In terms of provisions of Section 139 (1) of the Companies Act, 2013, the appointment of Statutory Auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. S.C. Vasudeva & Company as Statutory Auditors is placed for ratification by the members.

Further, the Statutory Auditors of the Company have submitted Auditors' Report on the Accounts of the Company for the accounting year ended 31<sup>st</sup> March, 2015. This Auditors' Report is self-explanatory and requires no comments.

##### Secretarial Auditor:

M/s. B.K. Gupta & Associates, Company Secretary in Practice, were appointed as Secretarial Auditors of the Company by the Board of Directors of the Company in their meeting held on 23<sup>rd</sup> May, 2014 for the financial year 2014-15.

The Secretarial Auditors of the Company have submitted their Report in Form No. MR-3 as required under Section 204, of the Companies Act, 2013 for the financial year ended 31<sup>st</sup> March,

2015. This Report is self-explanatory and requires no comments. The Report forms part of this report as **Annexure - III**.

##### Cost Auditor:

The Board of Directors has appointed M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company to conduct Cost Audit of the Accounts for the financial year ended 2015-16. However, as per provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditors is subject to ratification by members at the Annual General Meeting. Accordingly, the remuneration to be paid to M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, for financial year 2015-16 is placed for ratification by the members.

#### 15. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:

Four meetings of the Board were held during the year.

#### 16. AUDIT COMMITTEE DISCLOSURES:

##### Composition:

The Audit Committee consists of Mr. Prafull Anubhai, Independent Director, Dr. S.K. Bijlani, Independent Director, Mr. Shravan Talwar, Independent Director, Mr. D.B. Jain, Independent Director, Mr. A.K. Kundra, Independent Director and Mr. D.L. Sharma, Non-Independent Director. Mr. Prafull Anubhai is the Chairman of the Committee and Ms. Karan Kamal Walia is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

##### Vigil Mechanism:

The Vigil Mechanism of the Company, which also incorporates a Whistle Blower Policy in terms of the Listing Agreement aims to provide a channel to the employees and Directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimisation of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/ Chairman of the Audit Committee in exceptional cases.

The Policy on Vigil Mechanism and Whistle Blower Policy as approved by the Board may be accessed on the Company's website at the link:

<http://www.vardhman.com/userfiles/20b9bcdbd2cc01fde3e8e7d392d93573769de1941436265078.pdf>.

#### 17. 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.

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

Energy conservation continues to be an area of major emphasis in our 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 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, are annexed hereto and form part of this report as **Annexure - IV**.

#### 19. ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 for the financial year 2014-15 in Form No. MGT-9 is annexed hereto and form part of this report as **Annexure - V**.

#### 20. 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 17,393 employees on permanent rolls.

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

#### 21. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The disclosures in respect of managerial remuneration as required under section 197(12) read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto and form part of this report.

A statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in Rule 5 (2) and 5 (3) Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto and form part of this report.

In terms of section 197(14) of the Companies Act, 2013, the Company does not have any Holding Company. However, the details regarding remuneration or commission received from any holding or subsidiary company of Company by any Managing or Whole Time Director is annexed hereto and form part of this report.

All the above details are provided in **Annexure - VI**.

#### 22. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to provisions of Section 134 (5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:—

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- b. appropriate accounting policies have been selected and applied consistently and have made judgements 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 31<sup>st</sup> March, 2015 and of the profit of the Company for the year ended on 31<sup>st</sup> March, 2015;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d. the annual accounts have been prepared on a going concern basis;
- e. the internal financial controls has been laid down to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. the proper systems has been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

#### 22. GENERAL DISCLOSURES:

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

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. No significant or material orders were passed by the

Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### 24. 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 : Ludhiana  
Dated: 8<sup>th</sup> May, 2015

(S.P. Oswal)  
Chairman & Managing Director

**Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2014-15:**

| Sr. No. | Particulars  |   |
|---------|--|---|
| 1.      | Brief outline of CSR Policy  | The thrust areas for CSR includes promotion of education, environment protection and energy conservation, development of human capital, rural development, women empowerment, disaster relief, any other project/ programme pertaining to activities listed in Rules.   |
| 2.      | Composition of CSR Committee   | The CSR Committee of the Company consists of:<br>i) Mr. A.K. Kundra - Chairman<br>ii) Mr. Sachit Jain - Member<br>iii) Mr. Neeraj Jain - Member<br>iv) Mr. D.L. Sharma - Member   |
| 3       | Average net profit of the Company for last three financial years     | ₹493.98 crore   |
| 4       | Prescribed CSR Expenditure   | ₹9.88 crore   |
| 5       | <b>Details of CSR spent during the year:</b>                         |   |
|         | Total amount to be spent for the financial year                      | ₹9.88 crore   |
|         | Amount unspent, if any   | ₹3.88 crore   |
|         | Manner in which the amount spent during the financial year           | ANNEXURE – A  |
| 6       | In case the Company has failed to spend two percent, reason thereof. | The Company has undertaken to construct a school at Budhni which is a rural area adjoining Khapar Khurd, Tehsil Budhni, District Sehore, Madhya Pradesh. The total capital expenditure for the same is estimated at ₹18 crore. Out of which ₹6 crore has been spent during the year. The balance amount will be spent in the coming year. |

Annexure - A

**Manner in which the amount spent during the financial year is detailed below:**

|  |  |
|--|--|
| CSR project or activity identified   | Building Sri Aurobindo Public School to provide high quality education to students of all strata of society including wards of employees of the Company at a land adjacent to Vardhman Fabrics, Budhni, a unit of the Company. The land has been taken on lease from the Company only. |
| Sector in which the project is covered   | Promoting education  |
| Projects or programs<br>1. Local area or other<br>2. Specify the state and district where projects or program was undertaken | In the vicinity of Vardhman Fabrics, Budhni (unit of the Company) situated at Budhni, District Sehore, Madhya Pradesh.   |
| Amount outlay (budget) project or programs wise  | ₹9.88 crore  |
| Amount spent on the projects or programs<br>Subheads:<br>1. Direct expenditure on projects or programs<br>2. Overheads       | ₹6.00 crore  |
| Cumulative expenditure upto the reporting period.  | ₹6.00 crore  |
| Amount spent Direct or through implementing agency   | Amount spent through Sri Aurobindo Socio Economic and Management Research Institute.   |

\*Give details of implementing agency: Sri Aurobindo Socio-Economic and Management Research Institute is a Charitable Trust engaged in the field of education, research and rural development.

**RESPONSIBILITY STATEMENT:**

I, A.K. Kundra, Chairman of the CSR Committee of Vardhman Textiles Limited undertake that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

SIGNED BY:

Date: 8<sup>th</sup> May, 2015

Place: Ludhiana

(A.K. Kundra)

Chairman of CSR Committee

Annexure - II

**Nomination & Remuneration Policy of the Company:**

**1. PREFACE:**

In terms of the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, this policy on Nomination and Remuneration of Directors and Senior Management has been formulated by the Committee and approved by the Board of Directors in their meeting held on 7<sup>th</sup> August, 2014.

Upon the recommendations of Nomination and Remuneration Committee, the Board of Directors of Vardhman Textiles Limited in their meeting held on 8<sup>th</sup> May, 2015 made certain amendments in the existing policy and thereafter replaced the existing policy with the amended policy.

The amended policy is as under:-

**2. ROLE OF THE COMMITTEE:**

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to Board their appointment and removal.
- To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- To recommend to the Board remuneration policy related to remuneration of Directors (Whole Time Directors, Executive Directors etc), Key Managerial Personnel and other employees while ensuring the following:-
  - That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
  - That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

- That remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate of the working of the Company and its goals.

- To formulate criteria for evaluation of Directors and the Board.
- To devise a policy on Board diversity.

**3. MEMBERSHIP:**

- The Committee shall consist of a minimum 3 Non-Executive Directors, majority of them being independent.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

**4. CHAIRMAN:**

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

#### 5. FREQUENCY OF MEETINGS:

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

#### 6. COMMITTEE MEMBERS' INTERESTS:

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

#### 7. SECRETARY:

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

#### 8. VOTING:

- a) Decisions of the Committee shall be decided by a majority

of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

#### 9. MINUTES OF COMMITTEE MEETING:

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

#### 10. EFFECTIVE DATE & AMENDMENTS:

This policy will be effective from 8<sup>th</sup> May, 2015 and may be amended subject to the approval of Board of Directors.

and regulations made thereunder to the extent of Foreign Direct Investment, Oversea Direct Investment and External Commercial Borrowings - Not Applicable during the audit period;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not Applicable during the audit period;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not Applicable during the audit period;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- Not Applicable during the audit period;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not Applicable during the audit period; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not Applicable during the audit period;

- (vi) We have relied on the representation made by the Company & its Officers for system and mechanism formed by the Company for compliances under other applicable Acts such as Environmental Laws & Labour Laws.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not notified during the audit period hence not applicable on Company still the management has voluntarily decide to adhere to Secretarial Standards and comply with the same).

- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange & National Stock Exchange;

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

#### We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

**We further report that** during the audit period the Company has passed the following Special resolution which is having major bearing in the Company's affair in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.

- Company has adopted new set of Articles of Association.
- Company has conducted a Postal Ballot & E-voting in respect of Section 180 (1) (a) and 180 (1) (c) of the Companies Act, 2013.

Place: Ludhiana  
Date: 08.05.2015

For **B.K. Gupta & Associates**  
Company Secretaries

Sd/-  
**(Bhupesh Gupta)**  
Partner  
FCS No.: 4590  
C P No.: 5708

## Annexure - III

#### Secretarial Audit Report in Form MR-3:

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015

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

To  
The Members,  
**Vardhman Textiles Limited**  
Chandigarh Road,  
Ludhiana- 141010

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder

and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules

## Annexure - IV

### Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014.

#### STEPS TAKEN FOR 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 equipments 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 2014-15:

1. Installation of AC drives on Supply & return air fan on H Plants.
2. Installation of AC drives on pneumafill fan motor.
3. Replacement of HPSV lamps & FTL with LED on street & boundary lights.
4. Replacement of T8 (36W) lighting fixtures with T5 (25W) fixtures.
5. Replacement of old and rewound motors with premium IE3 energy efficient motors.
6. Removal of voltage stabilizers.
7. Installation of lightweight less dia impellers on pneumafill fans.
8. Conversion of electrical heating to steam heating.
9. Reduction in compressed air leakage.
10. Reduction in voltage drop in LT cables.
11. Optimisation of suction pressure of auto coro & autoconer machines.
12. Thermography of electrical equipment.
13. Replacement of old distribution transformers with energy efficient.
14. Installation of APFC panels.
15. Optimisation of loading of UPS.
16. Re engineering of distribution board for reduction of losses.

The above energy conservation measures resulted in savings of 48.11 lac units of electricity amounting to ₹3.16 crore.

#### TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished as under:

##### 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: (₹ in lac)

| PARTICULARS   | (2014-15) | (2013-14) |
|---|-----------|-----------|
| Capital   | 63.42     | 783.81    |
| Recurring   | 57.45     | 80.63     |
| Total   | 120.87    | 864.44    |
| Total R & D expenditure as a Percentage of Turnover | 0.02%     | 0.17%     |

##### 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 analyzing the existing processes for further improvement.

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

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

#### 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 and the contribution of Value Added Products in Total Exports of financial year 2014-15 is around 24%.
- Continuously enhanced the sale of more environment friendly yarns.

- Achieved the annual growth targets in exports.
- Targeting the same level of growth in the next financial year.

| Total Foreign Exchange earned and used: (₹ in crore)                 |           |           |
|--|-----------|-----------|
| PARTICULARS  | (2014-15) | (2013-14) |
| a). Earnings (FOB value of Exports, commission earned)               | 2,442.48  | 2,007.91  |
| b). Outgo (CIF value of Imports and expenditure in foreign currency) | 365.66    | 601.72    |

## Annexure - V

#### EXTRACT OF ANNUAL RETURN:

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2015

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

#### I. REGISTRATION AND OTHER DETAILS:

| S. No. | Particulars   | Details  |
|--------|---|--|
| i)     | CIN   | L17111PB1973PLC003345  |
| ii)    | Registration Date   | 8 <sup>th</sup> October, 1973  |
| iii)   | Name of the Company   | Vardhman Textiles Limited  |
| iv)    | Category/ Sub-Category of the Company                                     | Listed Public Company  |
| v)     | Address of the Registered office and contact details                      | Vardhman Premises, Chandigarh Road, Ludhiana-141010, Punjab, India.<br>Phone No. : (0161) 2228943-48<br>E-mail ID: secretarial.lud@vardhman.com                          |
| vi)    | Whether listed company  | Yes  |
| vii)   | Name, Address and Contact details of Registrar and Transfer Agent, if any | Alankit Assignments Limited<br>1E/13, Alankit Heights, Jhandewalan Extn., New Delhi- 110055.<br>Phone: 011- 41540060-63<br>Fax: 011- 41540064<br>E-mail: rta@alankit.com |

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

| S. No. | Name and Description of main products /services | NIC Code of the product/service                  | %to total turnover of the Company |
|--------|---|--|-----------------------------------|
| 1)     | Textiles  | 131- spinning, weaving and finishing of textiles | 100%                              |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| S. No. | Name and Address of the Company  | CIN/ GLN               | Holding /Subsidiary / Associate | % of shares held | Applicable section |
|--------|--|------------------------|---------------------------------|------------------|--------------------|
| 1.     | VMT Spinning Company Limited, Vardhman Premises, Chandigarh Road, Ludhiana-141010                | U17117PB-1990PLC014070 | Subsidiary Company              | 89.44            | 2 (87)             |
| 2.     | VTL Investments Limited, Vardhman Premises, Chandigarh Road, Ludhiana-141010                     | U17231PB-1994PLC014256 | Subsidiary Company              | 100.00           | 2 (87)             |
| 3.     | Vardhman Yarns and Threads Limited, Vardhman Premises, Chandigarh Road, Ludhiana-141010          | U17230PB-2005PLC027936 | Subsidiary Company              | 51.00            | 2 (87)             |
| 4.     | Vardhman Acrylics Limited, Vardhman Premises, Chandigarh Road, Ludhiana-141010                   | L51491PB-1990PLC019212 | Subsidiary Company              | 70.75            | 2 (87)             |
| 5.     | Vardhman Nisshinbo Garments Company Limited, Vardhman Premises, Chandigarh Road, Ludhiana-141010 | U18100PB-2009PLC032764 | Subsidiary Company              | 51.00            | 2 (87)             |
| 6.     | Vardhman Special Steels Limited, Vardhman Premises, Chandigarh Road, Ludhiana-141010             | L27100PB-2010PLC033930 | Associate Company               | 31.39            | 2(6)               |
| 7.     | Vardhman Spinning & General Mills Limited, Vardhman Premises, Chandigarh Road, Ludhiana-141010   | U17121PB-2007PLC030853 | Associate Company               | 50               | 2(6)               |

### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

#### i) Category –wise Share Holding

| Category of Shareholders  | No. of shares held at the beginning of the year |           |                   |                   | No. of shares held at the end of the year |           |                   |                   | % change during the year |
|---------------------------|---|-----------|-------------------|-------------------|---|-----------|-------------------|-------------------|--------------------------|
|                           | Demat   | Physicals | Total             | % of Total Shares | Demat                                     | Physicals | Total             | % of Total Shares |                          |
| <b>A. Promoters</b>       |   |           |                   |                   |   |           |                   |                   |                          |
| <b>1.) Indian</b>         |   |           |                   |                   |   |           |                   |                   |                          |
| a) Individual /HUF        | 1,461,658                                       | 0         | 1,461,658         | 2.30              | 1,461,658                                 | 0         | 1,461,658         | 2.30              | 0                        |
| b) Central Govt.          | 0   | 0         | 0                 | 0                 | 0   | 0         | 0                 | 0                 | 0                        |
| c) State Govt. (s)        | 0   | 0         | 0                 | 0                 | 0   | 0         | 0                 | 0                 | 0                        |
| d) Bodies corp.           | 37,908,355                                      | 0         | 37,908,355        | 59.55             | 37,013,302                                | 0         | 37,013,302        | 58.15             | -1.4                     |
| e) Banks /FI              | 0   | 0         | 0                 | 0                 | 0   | 0         | 0                 | 0                 | 0                        |
| f) Any other (LLP)        | 0   | 0         | 0                 | 0                 | 895,053                                   | 0         | 895,053           | 1.41              | 100                      |
| <b>Sub –total (A)(1):</b> | <b>39,370,013</b>                               | <b>0</b>  | <b>39,370,013</b> | <b>61.85</b>      | <b>39,370,013</b>                         | <b>0</b>  | <b>39,370,013</b> | <b>61.85</b>      | <b>0</b>                 |
| <b>(2) Foreign</b>        |   |           |                   |                   |   |           |                   |                   |                          |
| a) NRIs Individuals       | 0   | 0         | 0                 | 0                 | 0   | 0         | 0                 | 0                 | 0                        |
| b) Other individuals      | 0   | 0         | 0                 | 0                 | 0   | 0         | 0                 | 0                 | 0                        |

| Category of Shareholders   | No. of shares held at the beginning of the year |                  |                   |                   | No. of shares held at the end of the year |                  |                   |                   | % change during the year |
|--|---|------------------|-------------------|-------------------|---|------------------|-------------------|-------------------|--------------------------|
|  | Demat   | Physicals        | Total             | % of Total Shares | Demat                                     | Physicals        | Total             | % of Total Shares |                          |
| c) Bodies Corporate  | 0   | 0                | 0                 | 0                 | 0   | 0                | 0                 | 0                 | 0                        |
| d) Banks/FI  | 0   | 0                | 0                 | 0                 | 0   | 0                | 0                 | 0                 | 0                        |
| e) Any other   | 0   | 0                | 0                 | 0                 | 0   | 0                | 0                 | 0                 | 0                        |
| <b>Sub –total (A)(2):-</b>   | <b>0</b>  | <b>0</b>         | <b>0</b>          | <b>0</b>          | <b>0</b>                                  | <b>0</b>         | <b>0</b>          | <b>0</b>          | <b>0</b>                 |
| <b>Total Shareholding of promoter (A)= (A) (1) +(A) (2)</b>                    | <b>39,370,013</b>                               | <b>0</b>         | <b>39,370,013</b> | <b>61.85</b>      | <b>39,370,013</b>                         | <b>0</b>         | <b>39,370,013</b> | <b>61.85</b>      | <b>0</b>                 |
| <b>B.Public Shareholding</b>   |   |                  |                   |                   |   |                  |                   |                   |                          |
| <b>1. Institutions</b>   |   |                  |                   |                   |   |                  |                   |                   |                          |
| a) Mutual Funds  | 9,402,087                                       | 22,272           | 9,424,359         | 14.81             | 8,224,819                                 | 22,272           | 8,247,091         | 12.96             | -1.85                    |
| b) Banks /FI   | 17,517  | 60,082           | 77,599            | 0.12              | 11,731                                    | 60,082           | 71,813            | 0.11              | -0.01                    |
| c) Central Govt  | 0   | 0                | 0                 | 0                 | 0   | 0                | 0                 | 0                 | 0                        |
| d) State Govt (s)  | 0   | 0                | 0                 | 0                 | 0   | 0                | 0                 | 0                 | 0                        |
| e) Venture Capital Fund  | 0   | 0                | 0                 | 0                 | 0   | 0                | 0                 | 0                 | 0                        |
| f) Insurance Companies   | 419,978   | 1,575            | 421,553           | 0.66              | 1,00,000                                  | 1,575            | 101,575           | 0.16              | -0.50                    |
| g.) FIs  | 4,950,440                                       | 8,694            | 4,959,134         | 7.79              | 6,520,051                                 | 8,694            | 6,528,745         | 10.26             | 2.47                     |
| h) Foreign Venture Capital   | 0   | 0                | 0                 | 0                 | 0   | 0                | 0                 | 0                 | 0                        |
| i ) Funds other (specify)  | 0   | 0                | 0                 | 0                 | 0   | 0                | 0                 | 0                 | 0                        |
| <b>Sub –total (B)(1):</b>  | <b>14,790,022</b>                               | <b>92,623</b>    | <b>14,882,645</b> | <b>23.38</b>      | <b>14,856,601</b>                         | <b>92,623</b>    | <b>14,949,224</b> | <b>23.49</b>      | <b>0.11</b>              |
| <b>2. Non Institutions</b>   |   |                  |                   |                   |   |                  |                   |                   |                          |
| a) Bodies corp.  |   |                  |                   |                   |   |                  |                   |                   |                          |
| i) Indian  | 1,103,081                                       | 44,959           | 1,148,040         | 1.80              | 663,161                                   | 45,126           | 708,287           | 1.11              | -0.69                    |
| ii) Overseas   | 0   | 0                | 0                 | 0                 | 0   | 0                | 0                 | 0                 | 0                        |
| b) Individuals   |   |                  |                   |                   |   |                  |                   |                   |                          |
| i) Individuals shareholders holding nominal share capital upto ₹1 lakh         | 3,683,444                                       | 1,132,634        | 4,816,078         | 7.57              | 3,795,073                                 | 1,083,744        | 4,878,817         | 7.66              | 0.09                     |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 Lakh | 1,661,038                                       | 21,690           | 1,682,728         | 2.64              | 1,910,368                                 | 21,690           | 1,932,058         | 3.04              | 0.40                     |
| c) Others (specify)  |   |                  |                   |                   |   |                  |                   |                   |                          |
| c-1) Non-Resident Indian (Repatriable)   | 90,094  | 1,280            | 91,374            | 0.14              | 144,604                                   | 1,280            | 145,884           | 0.23              | 0.09                     |
| c-2) Non-Resident Indian (Non-Repatriable)                                     | 42,985  | 75               | 43,060            | 0.07              | 32,526                                    | 75               | 32,601            | 0.05              | -0.02                    |
| c-3) Trusts & Foundations  | 1,617,941                                       | 0                | 1,617,941         | 2.54              | 1,634,995                                 | 0                | 1,634,995         | 2.57              | 0.03                     |
| <b>Sub-Total (B)(2)</b>  | <b>8,198,583</b>                                | <b>1,200,638</b> | <b>9,399,221</b>  | <b>14.77</b>      | <b>8,180,727</b>                          | <b>1,151,915</b> | <b>9,332,642</b>  | <b>14.66</b>      | <b>-0.11</b>             |
| <b>Total public shareholding (B) = (B) (1) +(B) (2)</b>                        | <b>22,988,605</b>                               | <b>1,293,261</b> | <b>24,281,866</b> | <b>38.15</b>      | <b>23,037,328</b>                         | <b>1,244,538</b> | <b>24,281,866</b> | <b>38.15</b>      | <b>0</b>                 |
| C. Shares held by custodian for GDRs & ADRs                                    | 0   | 0                | 0                 | 0                 | 0   | 0                | 0                 | 0                 | 0                        |
| <b>Grand total (A+B+C)</b>   | <b>62,358,618</b>                               | <b>1,293,261</b> | <b>63,651,879</b> | <b>100</b>        | <b>62,407,341</b>                         | <b>1,244,538</b> | <b>63,651,879</b> | <b>100</b>        | <b>0</b>                 |

ii) Shareholding of Promoters:

| S. No. | Shareholders Name                                       | Shareholding at the beginning of the year |                                  | Shareholding at the end of year |                                  | % change in shareholding during the year |
|--------|---|---|----------------------------------|---------------------------------|----------------------------------|--|
|        |   | No. of shares                             | % of total shares of the Company | No. of shares                   | % of total shares of the Company |  |
| 1      | *Adinath Investment & Trading Company Limited           | 12,947,815                                | 20.34                            | 12,052,762                      | 18.94                            |  |
| 2      | *Adishwar Enterprises LLP                               | 0   | 0                                | 895,053                         | 1.41                             |  |
| 3      | Flamingo Finance & Investment Company Limited           | 590,513                                   | 0.93                             | 590,513                         | 0.93                             | 0  |
| 4      | Anklesh Investments (Private) Limited                   | 357,501                                   | 0.56                             | 357,501                         | 0.56                             | 0  |
| 5      | Marshall Investment & Trading Company (Private) Limited | 545,516                                   | 0.86                             | 545,516                         | 0.86                             | 0  |
| 6      | Ramaniya Finance & Investment Company Limited           | 470,046                                   | 0.74                             | 470,046                         | 0.74                             | 0  |
| 7      | Santon Finance & Investment Company Limited             | 505,609                                   | 0.79                             | 505,609                         | 0.79                             | 0  |
| 8      | Plaza Trading Company (Private) Limited                 | 840                                       | 0.00                             | 840                             | 0.00                             | 0  |
| 9      | Pradeep Mercantile Company (Private) Limited            | 103,782                                   | 0.16                             | 103,782                         | 0.16                             | 0  |
| 10     | Srestha Holdings Limited                                | 172,005                                   | 0.27                             | 172,005                         | 0.27                             | 0  |
| 11     | Syracuse Investment & Trading Company (Private) Limited | 27,615                                    | 0.04                             | 27,615                          | 0.04                             | 0  |
| 12     | Mahavir Spinning Mills Private Limited                  | 109,628                                   | 0.17                             | 109,628                         | 0.17                             | 0  |
| 13     | Devakar Investment & Trading Company (Private) Limited  | 5,540,887                                 | 8.70                             | 5,540,887                       | 8.70                             | 0  |
| 14     | **S.P. Oswal  | 643,156                                   | 1.01                             | 662,125                         | 1.04                             | 0.03                                     |
| 15     | **Shri Paul Oswal and Sons (HUF)                        | 28,453                                    | 0.04                             | 0                               | 0                                | -0.04                                    |
| 16     | Shakun Oswal  | 153,583                                   | 0.24                             | 153,583                         | 0.24                             | 0  |
| 17     | **Suchita Jain  | 261,334                                   | 0.41                             | 270,818                         | 0.43                             | 0.02                                     |
| 18     | Sachit Jain   | 40,005                                    | 0.06                             | 40,005                          | 0.06                             | 0  |
| 19     | Soumya Jain   | 7,980                                     | 0.01                             | 7,980                           | 0.01                             | 0  |
| 20     | Sagrika Jain  | 7,740                                     | 0.01                             | 7,740                           | 0.01                             | 0  |
| 21     | Eastern Trading Company                                 | 59,040                                    | 0.09                             | 59,040                          | 0.09                             | 0  |
| 22     | Ambar Syndicate   | 86,255                                    | 0.14                             | 86,255                          | 0.14                             | 0  |
| 23     | Northern Trading Company                                | 82,560                                    | 0.13                             | 82,560                          | 0.13                             | 0  |
| 24     | Paras Syndicate   | 91,552                                    | 0.14                             | 91,552                          | 0.14                             | 0  |
| 25     | Vardhman Holdings Limited                               | 15,402,598                                | 24.20                            | 15,402,598                      | 24.20                            | 0  |
| 26     | VTL Investments Limited                                 | 1,134,000                                 | 1.78                             | 1,134,000                       | 1.78                             | 0  |
|        | <b>Total</b>  | <b>39,370,013</b>                         | <b>61.85</b>                     | <b>39,370,013</b>               | <b>61.85</b>                     | <b>0</b>                                 |

\* Adinath Investment & Trading Company got converted into Adishwar Enterprises LLP w.e.f 5<sup>th</sup> June, 2014. However, the process of change in nomenclature of demat accounts of Adinath Investment & Trading Company is under process.

\*\* Shri Paul Oswal & Sons, HUF has undergone partition w.e.f 3<sup>rd</sup> May, 2014 and the shares of the Company held by it have been transferred to Mr. S.P. Oswal and Mrs. Suchita Jain.

iii) Change in Promoter's Shareholding (please specify, if there is no change):

| S. No. |  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--------|--|---|----------------------------------|---|----------------------------------|
|        |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
|        | At the beginning of the year   |   | Nil                              |   |                                  |
|        | Date wise increase/Decrease in Promoters shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/transfer/bonus/sweat equity etc) : |   |                                  |   |                                  |
|        | At the end of the year   |   |                                  |   |                                  |

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

| S. No. | Name  | Shareholding   |                                  | Date  | Increase/Decrease in shareholding                      | Reason   | Cumulative Shareholding during the year (01-04-14 to 31-03-15) |  |
|--------|---|--|----------------------------------|---|--|--|--|--|
|        |   | No. of shares at the beginning (01.04.14)/end of the year (31.03.15) | % of total shares of the Company |   |  |  | No. of Shares  | % of total shares of the Company             |
|        | Top 10 Shareholders   |  |                                  |   |  |  |  |  |
| 1      | IDFC Premier Equity Fund  | 3,654,795  | 5.74                             | 01-Apr-2014<br>29-Aug-2014<br>06-Mar-2015<br>13-Mar-2015<br>31-Mar-2015                               | 53,205<br>169,000<br>75,000                            | Transfer<br>Transfer<br>Transfer                         | 3,708,000<br>3,877,000<br>3,952,000<br>3,952,000               | 5.83<br>6.09<br>6.21<br>6.21                 |
| 2      | Baring India Private Equity Fund III Listed Investments limited | 2,002,936  | 3.15                             | 01-Apr-2014<br>31-Mar-2015  | 0  | Nil movement during the year                             | 2,002,936  | 3.15   |
| 3      | Mahavir Shares Trust  | 1,598,741  | 2.51                             | 01-Apr-2014<br>31-Mar-2015  | 0  | Nil movement during the year                             | 1,598,741  | 2.51   |
| 4      | ICICI Prudential Value Discovery Fund                           | 986,163  | 1.55                             | 01-Apr-2014<br>25-July-2014<br>01-Aug-2014<br>12-Sept-2014<br>30-Sept-2014<br>31-Mar-2015             | -8,197<br>-9,567<br>-12,482<br>-12,097                 | Transfer<br>Transfer<br>Transfer<br>Transfer             | 977,966<br>968,399<br>955,917<br>943,820<br>943,820            | 1.54<br>1.52<br>1.50<br>1.48<br>1.48         |
| 5      | SBI Contra Fund*  | 900,000  | 1.41                             | 01-Apr-2014<br>02-May-2014<br>09-May-2014<br>23-May-2014<br>31-Mar-2015                               | -244,500<br>-10,000<br>-86,308                         | Transfer<br>Transfer<br>Transfer                         | 655,500<br>645,500<br>559,192<br>559,192                       | 1.03<br>1.01<br>0.88<br>0.88                 |
| 6      | Parvest Equity India*   | 840,000  | 1.32                             | 01-Apr-2014<br>30-Sept-2014<br>31-Mar-2015  | -80,000  | Transfer   | 760,000<br>760,000   | 1.19<br>1.19                                 |
| 7      | Rochdale Emerging Markets Mauritius*                            | 620,334  | 0.98                             | 01-Apr-2014<br>16-May-2014<br>14-Nov-2014<br>28-Nov-2014<br>12-Dec-2014<br>19-Dec-2014<br>31-Mar-2015 | -10,777<br>-12,900<br>-161,607<br>-258,020<br>-124,086 | Transfer<br>Transfer<br>Transfer<br>Transfer<br>Transfer | 609,557<br>596,657<br>435,050<br>177,030<br>52,944<br>52,944   | 0.96<br>0.94<br>0.68<br>0.28<br>0.08<br>0.08 |

| S. No.      | Name   | Shareholding |         | Date         | Increase/<br>Decrease in<br>shareholding | Reason                       | Cumulative Shareholding during<br>the year (01-04-14 to 31-03-15) |      |
|-------------|--|--------------|---------|--------------|--|------------------------------|---|------|
|             |  |              |         |              |  |                              |   |      |
| 8           | HDFC Trustee Company Limited*                | 586,775      | 0.92    | 01-Apr-2014  |  |                              |   |      |
|             |  |              |         | 04-Apr-2014  | -53,500                                  | Transfer                     | 533,275   | 0.84 |
|             |  |              |         | 09-May-2014  | -10,000                                  | Transfer                     | 523,275   | 0.82 |
|             |  |              |         | 16-May-2014  | -25,000                                  | Transfer                     | 498,275   | 0.78 |
|             |  |              |         | 23-May-2014  | -24,000                                  | Transfer                     | 474,275   | 0.75 |
|             |  |              |         | 30-May-2014  | -25,100                                  | Transfer                     | 449,175   | 0.71 |
|             |  |              |         | 20-June-2014 | -200,000                                 | Transfer                     | 249,175   | 0.39 |
|             |  |              |         | 31-Mar-2015  |  |                              | 249,175   | 0.39 |
| 9           | UTI Equity Fund                              | 573,172      | 0.90    | 01-Apr-2014  |  |                              |   |      |
|             |  |              |         | 20-Mar-2015  | -28,500                                  | Transfer                     | 544,672   | 0.86 |
|             |  |              |         | 27-Mar-2015  | 30,603                                   | Transfer                     | 575,275   | 0.90 |
| 10          | ICICI Prudential Dynamic Plan*               | 540,765      | 0.85    | 01-Apr-2014  |  |                              |   |      |
|             |  |              |         | 20-June-2014 | -22,458                                  | Transfer                     | 518,307   | 0.81 |
| 11          | Franklin Templeton Investment Funds#         | -            | -       | 01-Apr-2014  |  |                              |   |      |
|             |  |              |         | 20-June-2014 | 204,200                                  | Transfer                     | 204,200   | 0.32 |
| 12          | UTI Dividend Yield Fund#                     | 451,062      | 0.71    | 01-Apr-2014  |  |                              |   |      |
|             |  |              |         | 20-Mar-2015  | -1,062                                   | Transfer                     | 450,000   | 0.71 |
|             |  |              |         | 27-Mar-2015  | 18,000                                   | Transfer                     | 468,000   | 0.74 |
|             |  |              |         | 31-Mar-2015  |  |                              | 468,000   | 0.74 |
|             |  |              |         | 02-Jan-2015  | 136,600                                  | Transfer                     | 136,600   | 0.21 |
|             |  |              |         | 23-Jan-2015  | 82,400                                   | Transfer                     | 219,000   | 0.34 |
|             |  |              |         | 06-Mar-2015  | 42,300                                   | Transfer                     | 261,300   | 0.41 |
|             |  |              |         | 31-Mar-2015  |  |                              | 261,300   | 0.41 |
|             |  |              |         | 01-Apr-2014  |  |                              |   |      |
|             |  |              |         | 02-Jan-2015  | 136,600                                  | Transfer                     | 136,600   | 0.21 |
|             |  |              |         | 23-Jan-2015  | 82,400                                   | Transfer                     | 219,000   | 0.34 |
|             |  |              |         | 06-Mar-2015  | 42,300                                   | Transfer                     | 261,300   | 0.41 |
|             |  |              |         | 31-Mar-2015  |  |                              | 261,300   | 0.41 |
|             |  |              |         | 01-Apr-2014  |  |                              |   |      |
|             |  |              |         | 02-Jan-2015  | 136,600                                  | Transfer                     | 136,600   | 0.21 |
|             |  |              |         | 23-Jan-2015  | 82,400                                   | Transfer                     | 219,000   | 0.34 |
| 06-Mar-2015 | 42,300                                       | Transfer     | 261,300 | 0.41         |  |                              |   |      |
| 31-Mar-2015 |  |              | 261,300 | 0.41         |  |                              |   |      |
| 14          | Devakar Investment & Trading Company Limited | 416,055      | 0.65    | Nil          | 0  | Nil movement during the year |   |      |
|             |  |              |         | 31-Mar-2015  |  |                              | 416,055   | 0.65 |

\* Ceased to be in the list of Top 10 shareholders as on 31.03.2015. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2014.

# Not in the list of Top 10 shareholders as on 01.04.2014. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2015.

#### v) Shareholding of Directors and Key Managerial Personnel:

| S. No.               | Name   | Shareholding  |                                  | Date        | Increase/<br>Decrease in<br>shareholding | Reason  | Cumulative Shareholding during the year (01-04-14 to 31-03-15) |                                  |
|----------------------|--|---|----------------------------------|-------------|--|---|--|----------------------------------|
|                      |  | No. of shares at the beginning (01.04.14)/ end of the year (31.03.15) | % of total shares of the Company |             |  |   | No. of Shares  | % of total shares of the Company |
| <b>A) DIRECTORS:</b> |  |   |                                  |             |  |   |  |                                  |
| 1                    | S.P. Oswal<br>(Chairman and Managing Director) | 643,156   | 1.01                             | 01-Apr-2014 |  |   |  |                                  |
|                      |  |   |                                  | 03-May-2014 | 18,969                                   | Shri Paul Oswal & Sons, HUF has undergone partition w.e.f 3 <sup>rd</sup> May, 2014 and the shares of the Company held by it have been transferred to Mr. S.P. Oswal and Mrs. Suchita Jain. |  |                                  |
| 2                    | Sachit Jain<br>(Joint Managing Director)       | 662,125   | 1.04                             | 31-Mar-2015 |  |   | 662,125  | 1.04                             |
|                      |  | 40,005  | 0.06                             | 01-Apr-2014 | 0  | Nil movement during the year  |  |                                  |
| 3                    | Neeraj Jain<br>(Joint Managing Director)       | 40,005  | 0.06                             | 31-Mar-2015 | 0  |   | 40,005   | 0.06                             |
|                      |  | 0   | 0.00                             | 01-Apr-2014 | 0  | Nil Holding/ movement during the year   |  |                                  |
| 4                    | D.L. Sharma (Director)                         | 0   | 0.00                             | 31-Mar-2015 |  |   | 0  | 0.00                             |
|                      |  | 3,319   | 0.005                            | 01-Apr-2014 | 0  | Nil movement during the year  |  |                                  |
| 5                    | Suchita Jain (Director)                        | 3,319   | 0.005                            | 31-Mar-2015 |  |   | 3,319  | 0.005                            |
|                      |  | 261,334   | 0.41                             | 01-Apr-2014 | 9,484                                    | Shri Paul Oswal & Sons, HUF has undergone partition w.e.f 3 <sup>rd</sup> May, 2014 and the shares of the Company held by it have been transferred to Mr. S.P. Oswal and Mrs. Suchita Jain. |  |                                  |
| 6                    | A.K. Kundra<br>(Independent Director)          | 270,818   | 0.43                             | 31-Mar-2015 |  |   | 270,818  | 0.43                             |
|                      |  | 0   | 0.00                             | 01-Apr-2014 | 0  | Nil Holding/ movement during the year   |  |                                  |
| 7                    | Prafull Anubhai<br>(Independent Director)      | 0   | 0.00                             | 31-Mar-2015 |  |   | 0  | 0.00                             |
|                      |  | 0   | 0.00                             | 01-Apr-2014 | 0  | Nil Holding/ movement during the year   |  |                                  |
| 8                    | Shravan Talwar<br>(Independent Director)       | 0   | 0.00                             | 31-Mar-2015 |  |   | 0  | 0.00                             |
|                      |  | 0   | 0.00                             | 01-Apr-2014 | 0  | Nil Holding/ movement during the year   |  |                                  |



| S. No.                                      | Name  | Shareholding |      | Date        | Increase/<br>Decrease in<br>shareholding | Reason                                      | Cumulative Shareholding<br>during the year (01-04-14 to<br>31-03-15) |      |
|---|---|--------------|------|-------------|--|---|--|------|
| 9   | S.K. Bijlani<br>(Independent Director)  | 0            | 0.00 | 01-Apr-2014 | 0  | Nil Holding/<br>movement during<br>the year |  |      |
|   |   | 0            | 0.00 | 31-Mar-2015 |  |   | 0  | 0.00 |
| 10  | Devendra Bhushan Jain<br>(Independent Director)                                 | 0            | 0.00 | 01-Apr-2014 | 0  | Nil Holding/<br>movement during<br>the year |  |      |
|   |   | 0            | 0.00 | 31-Mar-2015 |  |   | 0  | 0.00 |
| 11  | A.K. Purwar<br>(Independent Director)<br>Ceased to be Director on<br>09.05.2015 | 0            | 0.00 | 01-Apr-2014 | 0  | Nil Holding/<br>movement during<br>the year |  |      |
|   |   | 0            | 0.00 | 31-Mar-2015 |  |   | 0  | 0.00 |
| 12  | Suresh Kishinchand Khatanhar<br>(Nominee Director)                              | 0            | 0.00 | 01-Apr-2014 | 0  | Nil Holding/<br>movement during<br>the year |  |      |
|   |   | 0            | 0.00 | 31-Mar-2015 |  |   | 0  | 0.00 |
| <b>B) KEY MANAGERIAL PERSONNEL (KMP's):</b> |   |              |      |             |  |   |  |      |
| 1   | Rajeev Thapar<br>(Chief Financial Officer)                                      | 10           | 0.00 | 01-Apr-2014 | 0  | Nil Holding/<br>movement during<br>the year |  |      |
|   |   | 10           | 0.00 | 31-Mar-2015 |  |   | 10   | 0.00 |
| 2   | Karan Kamal Walia<br>(Company Secretary)  | 0            | 0.00 | 01-Apr-2014 | 0  | Nil Holding/<br>movement during<br>the year |  |      |
|   |   | 0            | 0.00 | 31-Mar-2015 |  |   | 0  | 0.00 |

#### vi) Indebtedness:

Indebtedness of the Company including interest outstanding /accrued but not due for payment

|  | Secured loans excluding<br>deposits | Unsecured loans       | Deposits | Total indebtedness      |
|--|-------------------------------------|-----------------------|----------|-------------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                       |          |                         |
| i) Principal amount  | 31,89,10,49,898                     | 37,99,24,615          | -        | 32,27,09,74,513         |
| ii) Interest due but not paid                              | -                                   | -                     | -        | -                       |
| iii) Interest accrued but not due                          | 5,85,48,409                         | -                     | -        | 5,85,48,409             |
| <b>Total (i+ii+iii)</b>                                    | <b>31,94,95,98,307</b>              | <b>37,99,24,615</b>   | <b>-</b> | <b>32,32,95,22,922</b>  |
| <b>Change in indebtedness during the financial year</b>    |                                     |                       |          |                         |
| Addition   | 1,12,30,00,000                      | -                     | -        | 1,12,30,00,000          |
| Reduction  | 8,11,55,41,781                      | 24,41,42,839          | -        | 8,35,96,84,619          |
| <b>Net change</b>  | <b>(6,99,25,41,781)</b>             | <b>(24,41,42,839)</b> | <b>-</b> | <b>(7,23,66,84,619)</b> |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                       |          |                         |
| i) Principal amount  | 24,92,31,28,221                     | 13,57,81,776          | -        | 25,05,89,09,997         |
| ii) Interest due but not paid                              | -                                   | -                     | -        | -                       |
| iii) Interest accrued but not due                          | 3,37,18,725                         | -                     | -        | 3,37,18,725             |
| <b>Total (i+ii+iii)</b>                                    | <b>24,95,68,46,946</b>              | <b>13,57,81,776</b>   | <b>-</b> | <b>25,09,26,28,722</b>  |

#### vii) Remuneration of Directors and Key Managerial Personnel:

A. Remuneration to Managing Director, Whole time Directors and /or Manager:

| S. No. | Particulars of Remuneration  | Name of MD/WTD/Manager |                  |                  |                  | Total Amount        |
|--------|--|------------------------|------------------|------------------|------------------|---------------------|
| 1.     | Gross Salary   | S.P. Oswal             | Sachit Jain      | Neeraj Jain      | Suchita Jain     |                     |
|        | a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 80,79,676              | 49,15,188        | 43,29,759        | 32,87,187        | 2,06,11,810         |
|        | b) Value of perquisites u/s 17(2) Income-Tax Act,1961                              | -                      | -                | -                | -                | -                   |
|        | c) Profits in lieu of salary under section 17(3) Income -Tax Act ,1961             | -                      | -                | -                | -                | -                   |
| 2.     | Stock option   | -                      | -                | -                | -                | -                   |
| 3.     | Sweat Equity   | -                      | -                | -                | -                | -                   |
| 4.     | Commission   |                        |                  |                  |                  |                     |
|        | - As % of profit<br>- Others, specify  | 8,79,04,998            | 26,59,274        | 21,81,330        | 13,95,000        | 9,41,40,602         |
| 5.     | Others, please Specify   | -                      | -                | -                | -                | -                   |
|        | <b>Total (A)</b>   | <b>9,59,84,674</b>     | <b>75,74,462</b> | <b>65,11,089</b> | <b>46,82,187</b> | <b>11,47,52,412</b> |
|        | Ceiling as per the Act   |                        |                  |                  |                  | 4,397.53 lacs       |

B. Remuneration to other Directors:

| S. No. | Particulars of Remuneration   | Name of Directors             |                                 |                |                |                |                | Total Amount        |
|--------|---|-------------------------------|---------------------------------|----------------|----------------|----------------|----------------|---------------------|
| 1.     | Independent Directors   | Prafull Anubhai               | A.K. Purwar                     | A.K. Kundra    | Shravan Talwar | S.K. Bijlani   | D.B. Jain      |                     |
|        | - Fee for attending board/ committee meetings<br>- Commission<br>- Others, please specify | ₹245,000/-                    | ₹105,000/-                      | ₹260,000/-     | ₹130,000/-     | ₹195,000/-     | ₹180,000/-     | ₹1,115,000/-        |
|        | 2.  | Other Non-Executive Directors | Suresh Khatanhar (IDBI Nominee) |                |                |                |                |                     |
|        | -Fee for attending board/ committee meetings<br>- Commission<br>- Others, Please specify  | ₹110,000/-                    |                                 |                |                |                |                |                     |
|        | <b>Total (1)</b>  | 245,000                       | 105,000                         | 260,000        | 130,000        | 195,000        | 180,000        | 1,115,000           |
|        | <b>Total (2)</b>  | 110,000                       | -                               | -              | -              | -              | -              | 110,000             |
|        | <b>Total (B) =(1+2)</b>   | <b>355,000</b>                | <b>105,000</b>                  | <b>260,000</b> | <b>130,000</b> | <b>195,000</b> | <b>180,000</b> | <b>1,225,000</b>    |
|        | <b>Total Managerial Remuneration</b>  |                               |                                 |                |                |                |                | <b>11,59,77,412</b> |
|        | Overall ceiling as per the act  |                               |                                 |                |                |                |                | 4,837.28 lacs       |

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

| S. No. | Particulars of remuneration   | Key Managerial Personnel |                   |                  |                  |
|--------|---|--------------------------|-------------------|------------------|------------------|
|        |   | CEO                      | Company Secretary | CFO              | Total            |
| 1      | Gross salary  |                          |                   |                  |                  |
|        | a) Salary as per provisions contained in section 17(1) of the Income Tax Act,1961 | N.A.                     | 6,73,850          | 35,95,402        | 42,69,252        |
|        | b) Value of perquisites u/s 17(2) Income Tax Act,1961                             |                          | -                 | -                | -                |
| 2.     | Stock Option  |                          | -                 | -                | -                |
| 3.     | Sweat Equity  |                          | -                 | -                | -                |
| 4.     | Commission  |                          | -                 | -                | -                |
|        | - As % of profit<br>- Others, specify   |                          | -                 | -                | -                |
| 5.     | Others, Please Specify  |                          | -                 | -                | -                |
|        | <b>Total</b>  |                          | <b>6,73,850</b>   | <b>35,95,402</b> | <b>42,69,252</b> |

viii) Penalties/punishment /compounding of offences:

| Type                                 | Section of The Companies Act | Brief Description | Details of penalty/punishment/compounding fees imposed | Authority (RD/NCLT/COURT) | Appeal made, if any (give details) |
|--------------------------------------|------------------------------|-------------------|--|---------------------------|------------------------------------|
| <b>A. Company</b>                    |                              |                   |  |                           |                                    |
| Penalty                              |                              | N.A.              |  |                           |                                    |
| Punishment                           |                              |                   |  |                           |                                    |
| Compounding                          |                              |                   |  |                           |                                    |
| <b>B. Directors</b>                  |                              |                   |  |                           |                                    |
| Penalty                              |                              |                   |  |                           |                                    |
| Punishment                           |                              |                   |  |                           |                                    |
| Compounding                          |                              |                   |  |                           |                                    |
| <b>C. Others officers in default</b> |                              |                   |  |                           |                                    |
| Penalty                              |                              |                   |  |                           |                                    |
| Punishment                           |                              |                   |  |                           |                                    |
| Compounding                          |                              |                   |  |                           |                                    |

## Annexure - VI

Particulars of employees and related disclosures:

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

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| S. No. | NAME OF DIRECTOR/ KMP AND DESIGNATION      | REMUNERATION FOR DIRECTORS/ KMP FOR FINANCIAL YEAR 2014-15 (Amount in ₹) | % INCREASE IN REMUNERATION IN THE FINANCIAL YEAR 2014-15 | RATION OF REMUNERATION OF EACH DIRECTOR TO MEDIAN REMUNERATION OF EMPLOYEES | COMPARISON OF REMUNERATION OF KMP AGAINST THE PERFORMANCE OF THE COMPANY   |
|--------|--|--|--|---|--|
| 1.     | S.P. Oswal<br>Chairman & Managing Director | 9,59,84,674  | -49  | 367.92  | Profit before interest, depreciation and tax decreased by 17.03% and profit after tax decreased by 44.91% in financial year 2014-15. |
| 2..    | Sachit Jain<br>Joint Managing Director     | 75,74,462  | 28.7   | 29.03   |  |
| 3.     | Neeraj Jain<br>Joint Managing Director     | 65,11,089  | 51.9   | 24.96   |  |
| 4.     | Suchita Jain<br>Executive Director         | 46,82,187  | 6.4  | 17.95   |  |
| 5.     | Prafull Anubhai<br>Non- Executive Director | 2,45,000   | 88   | 0.94  |  |
| 6.     | A.K. Puwar<br>Non- Executive Director      | 1,05,000   | 425  | 0.40  |  |
| 7.     | A.K. Kundra<br>Non- Executive Director     | 2,60,000   | 79   | 1.00  |  |

| S. No. | NAME OF DIRECTOR/ KMP AND DESIGNATION             | REMUNERATION FOR DIRECTORS/ KMP FOR FINANCIAL YEAR 2014-15 (Amount in ₹) | % INCREASE IN REMUNERATION IN THE FINANCIAL YEAR 2014-15 | RATION OF REMUNERATION OF EACH DIRECTOR TO MEDIAN REMUNERATION OF EMPLOYEES | COMPARISON OF REMUNERATION OF KMP AGAINST THE PERFORMANCE OF THE COMPANY   |
|--------|---|--|--|---|--|
| 8.     | D.B. Jain<br>Non- Executive Director              | 1,80,000   | *  | **  |  |
| 9.     | Shravan Talwar<br>Non- Executive Director         | 1,30,000   | 271  | 0.50  |  |
| 10.    | D.L. Sharma<br>Non- Executive Director            | -  | -  | -   |  |
| 11.    | S.K. Bijlani<br>Non- Executive Director           | 1,95,000   | 457  | 0.75  |  |
| 12.    | Suresh Khatanhar<br>Nominee Director of IDBI Bank | 1,10,000   | #  | ##  |  |
| 13.    | Rajeev Thapar                                     | 35,95,402  | 18.48  | 13.78   | Profit before interest, depreciation and tax decreased by 17.03% and profit after tax decreased by 44.91% in financial year 2014-15. |
| 14.    | Karan Kamal Walia                                 | 6,73,850   | 25.83  | 2.58  |  |

**Note:** The Sitting fees payable to the Independent Directors and Nominee Director of the Company has increased w.e.f 7<sup>th</sup> November, 2014 from ₹20,000/- per Board Meeting and ₹15,000/- per Committee Meeting to ₹35,000/- per Board Meeting and ₹30,000/- per Committee Meeting.

\* Details not given as Mr. D.B. Jain was not a Director in the financial year 2013-14.

\*\* Details not given as Mr. D.B. Jain was appointed as a Director w.e.f. 7<sup>th</sup> August, 2014.

# Details not given as Mr. Suresh Khatanhar was not a Nominee Director in the financial year 2013-14.

## Details not given as the nomination of Mr. S. Padmanabhan, the nominee of IDBI Ltd. was withdrawn by IDBI Ltd. from the Board of the Company w.e.f. 12<sup>th</sup> April, 2014 and Mr. Suresh Khatanhar was nominated in his place.

- The median remuneration of employees of the Company during the financial year was ₹2.61 lacs.
- In the financial year, there was an increase of 9.31% in the median remuneration of employees.
- There were 17,393 permanent employees on the rolls of Company as on March 31, 2015.
- Relationship between average increase in remuneration and company performance:- The Profit after Tax for the financial year ended March 31, 2015 decreased by 44.91% whereas the increase in median remuneration was 9.31%. The average increase in median remuneration increased whereas the profit after tax declined.
- Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:- The total remuneration of Key Managerial Personnel decreased by 47.30% from ₹19.03 crore in 2013-14 to ₹10.03 crore in 2014-15 whereas the Profit after Tax decreased by 44.91% to ₹ 359.11 crore in 2014-15 (₹651.88 crore in 2013-14).
- (a) Variations in the market capitalisation of the Company : The market capitalisation as on March 31, 2015 was ₹3,446.43 crore (₹2248.50 crore as on March 31, 2014).

- Price Earnings ratio of the Company was 9.60 as at March 31, 2015 and was 3.45 as at March 31, 2014.
- Percent increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer. The Company had come out with Initial Public Offer (IPO) in 1975-76. An amount of ₹1,000 invested in the said IPO would be worth ₹7.95 lacs as on March 31, 2015 indicating a Compounded Annual Growth Rate of 19.22 %. This is excluding the dividend accrued thereon on the shares.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2014-15 was 13.18 % whereas the decrease in the managerial remuneration for the same financial year was 41.9%.
- The key parameters for the variable component, if any, of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

# Corporate Governance Report

10. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year – Not Applicable.

11. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

## 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

| S. No. | Name of employee | Designation/ Nature of duties | Remuneration (in ₹ lac) | Qualification | Age (Years) | Experience (Years) | Date of Employment | Particulars of last employment   |
|--------|------------------|-------------------------------|-------------------------|---------------|-------------|--------------------|--------------------|--|
| 1.     | S.P. Oswal       | Chairman & Managing Director  | 959.84                  | M.Com         | 72          | 47                 | 08.10.1973         | Chairman and Managing Director (Vardhman Spinning and General Mills Limited) |
| 2.     | Sachit Jain      | Joint Managing Director       | 75.74                   | B. Tech, MBA  | 49          | 25                 | 13.06.1994         | Executive Director, VMT Spinning Company Limited                             |
| 3.     | Neeraj Jain      | Joint Managing Director       | 65.11                   | B. Com, CA    | 48          | 23                 | 31.03.2010         | N.A.   |

## DISCLOSURE IN RESPECT OF REMUNERATION OR COMMISSION RECEIVED BY MR. NEERAJ JAIN, JOINT MANAGING DIRECTOR OF THE COMPANY IN VMT SPINNING COMPANY LIMITED (SUBSIDIARY COMPANY)

| S. No. | Name of Director | Name of Subsidiary Company   | Amount (In ₹ lac) |
|--------|------------------|------------------------------|-------------------|
| 1.     | Neeraj Jain      | VMT Spinning Company Limited | 19.84             |

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 fulfill its responsibilities to the community, customers, employees, Government and other segments of society. Your Company is committed on adopting the best practices of Corporate Governance as manifested in the Company's functioning to achieve the business excellence by enhancing long-term shareholders' value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities is 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. VARDHMAN GROUP'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/ BOARD MEETINGS:

#### i. Composition as on March 31<sup>st</sup>, 2015:

The Composition of Board and category of Directors are as follows:

| Category                | Name of Directors  |
|-------------------------|--|
| Promoter Directors      | # S.P. Oswal- Chairman & Managing Director<br># Sachit Jain- Joint Managing Director<br># Suchita Jain- Non- Executive Non- Independent Director |
| Joint Managing Director | Neeraj Jain  |

| Category                                 | Name of Directors   |
|--|---|
| Independent Directors                    | Prafull Anubhai<br>A.K. Purwar*<br>A.K. Kundra<br>S.K. Bijlani<br>Shravan Talwar<br>D.B. Jain |
| Non- Executive Non- Independent Director | D.L. Sharma   |
| Nominee Director of IDBI                 | Suresh Khatanhar  |

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

\* Mr. A.K. Purwar has resigned from the Directorship of the Company w.e.f 9<sup>th</sup> May, 2015.

#### ii. Board Meetings:

During the financial year 2014-2015, the Board met 4 times on the following dates:

|                                |                                |
|--------------------------------|--------------------------------|
| 23 <sup>rd</sup> May, 2014     | 7 <sup>th</sup> August, 2014   |
| 7 <sup>th</sup> November, 2014 | 5 <sup>th</sup> February, 2015 |

iii. Attendance of the Directors 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 | No. of Board meetings attended | Attendance at last AGM | Total No. of Director-ships 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 |
|------------------|--------------------------------|------------------------|--|---|--|--|
| S.P. Oswal       | 4                              | Yes                    | 9  | -   | 4  | -  |
| A.K. Purwar      | 3                              | No                     | 9  | 4   | -  | 2  |
| Sachit Jain      | 4                              | Yes                    | 8  | 1   | -  | 1  |
| Prafull Anubhai  | 4                              | Yes                    | 5  | 6   | -  | 2  |
| S.K. Bijlani     | 4                              | No                     | 3  | 1   | -  | -  |
| Neeraj Jain      | 4                              | Yes                    | 5  | 1   | -  | -  |
| D.L. Sharma      | 4                              | Yes                    | 8  | 5   | 1  | -  |
| A. K Kundra      | 4                              | No                     | 2  | 1   | 1  | -  |
| Suchita Jain     | 4                              | No                     | 8  | 1   | -  | -  |
| Shravan Talwar   | 2                              | No                     | 2  | -   | -  | -  |
| D.B. Jain        | 3                              | No                     | -  | -   | -  | -  |
| Suresh Khatanhar | 4                              | No                     | -  | -   | -  | -  |

Video conferencing facilities were provided to facilitate Directors travelling abroad or present at other locations to participate in the Board meetings.

### 3. BOARD COMMITTEES:

#### i. Board Committees, their composition and terms of reference are provided as under:

| Name of Committee                         | Composition   | Terms of Reference  |
|---|---|---|
| Audit Committee                           | Prafull Anubhai (Chairman)<br>S.K. Bijlani<br>D.L. Sharma<br>Shravan Talwar<br>D.B. Jain<br>A.K. Kundra | <ul style="list-style-type: none"> <li>The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement.</li> <li>The Vigil Mechanism of the Company, which also incorporates a whistle blower aims to provide a channel to the employees and Directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of conduct or policy. The Policy on Vigil Mechanism and Whistle Blower Policy as approved by the Board may be accessed on the Company's website at the link: <a href="http://www.vardhman.com/user_files/20b9cbcd2cc01fde3e8e7d392d93573769de1941436265078.pdf">http://www.vardhman.com/user_files/20b9cbcd2cc01fde3e8e7d392d93573769de1941436265078.pdf</a></li> <li>The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <a href="http://www.vardhman.com/user_files/96c45534e3ab096d9bc682f8eebade0344f915151436264609.pdf">http://www.vardhman.com/user_files/96c45534e3ab096d9bc682f8eebade0344f915151436264609.pdf</a>.</li> </ul> |
| Nomination and Remuneration Committee     | Prafull Anubhai (Chairman)<br>Shravan Talwar<br>A.K. Kundra<br>S.P. Oswal                               | <ul style="list-style-type: none"> <li>Formulated and recommended Nomination and Remuneration Policy.</li> <li>The Nomination &amp; Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013.</li> <li>Nomination and Remuneration Policy of the Company forms part of the Board Report as Annexure II.</li> </ul>   |
| Corporate Social Responsibility Committee | A.K. Kundra (Chairman)<br>Sachit Jain<br>Neeraj Jain<br>D.L. Sharma                                     | <ul style="list-style-type: none"> <li>Formulated and recommended CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to provisions of Schedule VII of the Companies Act, 2013 read with CSR rules, 2014. The CSR policy may be accessed on the Company's website at the link: <a href="http://www.vardhman.com/user_files/d622b1c8d626fabfcec09e145cb-1b4e9f4884761436264563.pdf">http://www.vardhman.com/user_files/d622b1c8d626fabfcec09e145cb-1b4e9f4884761436264563.pdf</a>.</li> <li>Recommended expenditure to be incurred for CSR activities/project and ensures effective monitoring of CSR policy of the Company from time to time.</li> <li>The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as Annexure I.</li> </ul>   |

| Name of Committee                  | Composition   | Terms of Reference   |
|------------------------------------|---|--|
| Stakeholder Relationship Committee | A.K. Kundra (Chairman)<br>Sachit Jain<br>D.L. Sharma              | <ul style="list-style-type: none"> <li>The Committee reviews and ensures redressal of investor grievances.</li> <li>The Committee noted that during the year the Company 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 2014-2015 except those that are disputed/ sub-judice.</li> </ul>  |
| Risk Management Committee          | A.K. Kundra (Chairman)<br>Sachit Jain<br>Neeraj Jain<br>D.B. Jain | <ul style="list-style-type: none"> <li>The Risk management Committee has formulated Risk Management Policy of the Company which aims to maximise opportunities in all activities and to minimise adversity.</li> <li>The risk management framework includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company.</li> <li>The Risk Management policy may be accessed on the Company's website at the link: <a href="http://www.vardhman.com/user_files/a4c0a8b00e407cd507553ea7db7f06e89de1272a1436265025.pdf">http://www.vardhman.com/user_files/a4c0a8b00e407cd507553ea7db7f06e89de1272a1436265025.pdf</a>.</li> </ul> |

Ms. Karan Kamal Walia, Company Secretary and Compliance Officer is the Secretary of all Board Committees constituted under the Companies Act, 2013 and Listing Agreement.

#### ii. Meetings of Board Committees held during the year and Director's attendance:

| Board Committees | Audit | CSR  | Nomination & Remuneration | Stakeholder Relationship | Risk Management |
|------------------|-------|------|---------------------------|--------------------------|-----------------|
| Meetings held    | 4     | 2    | 1                         | 1                        | -               |
| S.P. Oswal*      | N.A.  | N.A. | -                         | N.A.                     | N.A.            |
| A.K. Purwar      | N.A.  | N.A. | N.A.                      | N.A.                     | N.A.            |
| Sachit Jain      | N.A.  | 1    | N.A.                      | 1                        | -               |
| Prafull Anubhai  | 4     | N.A. | 1                         | N.A.                     | N.A.            |
| S.K. Bijlani     | 4     | N.A. | N.A.                      | N.A.                     | N.A.            |
| Neeraj Jain      | N.A.  | 2    | N.A.                      | N.A.                     | -               |
| D.L. Sharma      | 4     | 2    | N.A.                      | 1                        | -               |
| A. K Kundra**    | 2     | 2    | 1                         | 1                        | -               |
| Suchita Jain     | N.A.  | N.A. | N.A.                      | N.A.                     | N.A.            |
| Shravan Talwar   | 2     | N.A. | -                         | N.A.                     | N.A.            |
| D.B. Jain***     | 2     | N.A. | N.A.                      | N.A.                     | -               |
| Suresh Khatanhar | N.A.  | N.A. | N.A.                      | N.A.                     | N.A.            |

N.A.- Not a member of the Committee

\* appointed as a member of the Nomination and Remuneration Committee w.e.f 7<sup>th</sup> August, 2014.

\*\* ceased to be a member of the Audit Committee w.e.f 7<sup>th</sup> August, 2014 but was re-appointed as member w.e.f 5<sup>th</sup> February, 2015.

\*\*\* appointed as a member of the Audit Committee w.e.f 7<sup>th</sup> August, 2014.

#### iii. Meeting of Independent Directors:

The meeting of Independent Directors of the Company was held on 30<sup>th</sup> March, 2015 to evaluate the performance of Non-Independent Directors of the Company, Chairman of the Company and the Board as a whole for the financial year 2014-15.

### 4. DIRECTORS' REMUNERATION:

#### i) Chairman and Managing Director / Executive Directors:

The Company pays remuneration to Chairman and Managing Director, Joint Managing Directors 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 2014-15 is as given below:

(in ₹ Lacs)

| Name         | Designation                  | Salary | Perquisites & Allowances | Retirement Benefit | Commission | Gross remuneration |
|--------------|------------------------------|--------|--------------------------|--------------------|------------|--------------------|
| S.P. Oswal   | Chairman & Managing Director | 43.95  | 31.57                    | 5.27               | 879.05     | 959.84             |
| Sachit Jain  | Joint Managing Director      | 28.95  | 16.43                    | 3.77               | 26.59      | 75.74              |
| Neeraj Jain  | Joint Managing Director      | 23.36  | 16.83                    | 3.10               | 21.81      | 65.11              |
| Suchita Jain | Executive Director           | 18.60  | 11.74                    | 2.53               | 13.95      | 46.82              |

#### 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 2014-15 is given hereunder:

| Name of Director                   | Sitting fee (₹) |
|------------------------------------|-----------------|
| 1. Prafull Anubhai                 | 245,000         |
| 2. A.K. Kundra                     | 260,000         |
| 3. S.K. Bijlani                    | 195,000         |
| 4. Suresh Khatanhar (IDBI Nominee) | 110,000         |
| 5. A.K. Purwar                     | 105,000         |
| 6. Shravan Talwar                  | 130,000         |
| 7. D.B. Jain                       | 180,000         |

#### 5. SHAREHOLDING DETAILS OF DIRECTORS AS ON 31.03.2015:

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

| Name of Director | Number of Shares held |
|------------------|-----------------------|
| S.P. Oswal       | 662,125               |
| Suchita Jain     | 270,818               |
| Sachit Jain      | 40,005                |
| D.L. Sharma      | 3,319                 |

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

#### 6. 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 |
|--|---|--|----------------------------|
| 41 <sup>st</sup> Annual General Meeting for the Financial year ended 31 <sup>st</sup> March, 2014. | Wednesday, 24 <sup>th</sup> September, 2014 at 11.30 a.m. | Regd. Office, Chandigarh Road, Ludhiana- 141010. | 4                          |
| 40 <sup>th</sup> Annual General Meeting for the Financial year ended 31 <sup>st</sup> March, 2013. | Saturday, 31 <sup>st</sup> August, 2013 at 12.00 noon.    | Regd. Office, Chandigarh Road, Ludhiana-141010.  | 1                          |
| 39 <sup>th</sup> Annual General Meeting for the Financial year ended 31 <sup>st</sup> March, 2012. | Saturday, 1 <sup>st</sup> September, 2012 at 05.00 p.m.   | Regd. Office, Chandigarh Road, Ludhiana-141010.  | Nil                        |

#### Special Resolutions passed through Postal Ballot:

During the year, the members approved following matters by passing Special resolution through Postal Ballot:

- To borrow over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹2,200 crores (Rupees two thousand two hundred crores only) pursuant to provisions of Section 180(1) (c).
- To mortgage and/or create any charge on immovable and/or movable properties of the Company pursuant to provisions Section 180(1)(a).

The Board had appointed M/s. B.K. Gupta & Associates, Practicing Company Secretaries as Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner. The details of the voting pattern is as follows:

| Promoter/ Public            | No. of shares held | No. of votes polled | % of votes polled on outstanding shares | No. of votes in favour | No. of votes against | % of votes in favour on votes polled | % of votes in against on votes polled |
|-----------------------------|--------------------|---------------------|---|------------------------|----------------------|--------------------------------------|---------------------------------------|
|                             | 1                  | 2                   | 3 = (2/1)*100                           | 4                      | 5                    | 6= (4/2)*100                         | 7= (5/2)*100                          |
| <b>Special Resolution 1</b> |                    |                     |   |                        |                      |                                      |                                       |
| Promoter & Promoter Group   | 39,370,013         | 39,370,013          | 100                                     | 39,370,013             | 0                    | 100                                  | 0                                     |
| Public                      | 24,281,866         | 10,510,039          | 43.28                                   | 10,498,423             | 11,616               | 99.89                                | 0.11                                  |
| <b>Total</b>                | <b>63,651,879</b>  | <b>49,880,052</b>   | <b>78.36</b>                            | <b>49,868,436</b>      | <b>11,616</b>        | <b>99.98</b>                         | <b>0.02</b>                           |
| <b>Special Resolution 2</b> |                    |                     |   |                        |                      |                                      |                                       |
| Promoter & Promoter Group   | 39,370,013         | 39,370,013          | 100.00                                  | 39,370,013             | 0                    | 100                                  | 0                                     |
| Public                      | 24,281,866         | 10,510,039          | 43.28                                   | 10,486,498             | 23,541               | 99.78                                | 0.22                                  |
| <b>Total</b>                | <b>63,651,879</b>  | <b>49,880,052</b>   | <b>78.36</b>                            | <b>49,856,511</b>      | <b>23,541</b>        | <b>99.95</b>                         | <b>0.05</b>                           |

There is no immediate proposal for passing any resolution through Postal Ballot in financial year 2015-16.

#### 7. 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 and 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.

#### 8. MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Reports, publication of financial results, press releases in leading newspapers and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges and the Registrar of Companies. The Quarterly 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 website [www.vardhman.com](http://www.vardhman.com).

## GENERAL INFORMATION FOR SHAREHOLDERS

### i) 42<sup>nd</sup> Annual General Meeting:

Date: Friday, 4<sup>th</sup> September, 2015

Time: 10.00 a.m.

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

### Financial Calendar 2015-2016 (Tentative)

First Quarter Results : August, 2015

Second Quarter Results : November, 2015

Third Quarter Results : February, 2016

Annual Results : May, 2016

iii) Dates of Book Closure : 07.08.2015 to 04.09.2015 (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), 1<sup>st</sup> 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 2014-15 is given below:

| Financial Year 2014-15 | 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                  | 360.00   | 331.50     | 333.45      | -5.61                                 | 361.85   | 331.00 | 336.05  | -4.87                                 |
| May                    | 394.00   | 322.30     | 373.95      | 12.15                                 | 394.90   | 324.10 | 373.15  | 11.04                                 |
| June                   | 511.00   | 371.00     | 477.05      | 27.57                                 | 511.00   | 376.10 | 477.35  | 27.92                                 |
| July                   | 536.00   | 425.60     | 473.60      | -0.72                                 | 529.00   | 433.20 | 473.05  | -0.90                                 |
| August                 | 509.80   | 434.00     | 446.35      | -5.75                                 | 509.20   | 433.70 | 444.85  | -5.96                                 |
| September              | 512.00   | 425.10     | 442.10      | -0.95                                 | 513.00   | 430.00 | 442.40  | -0.55                                 |
| October                | 446.30   | 405.05     | 437.85      | -0.96                                 | 445.25   | 407.00 | 439.20  | -0.72                                 |
| November               | 454.45   | 409.00     | 423.00      | -3.39                                 | 459.00   | 407.55 | 422.10  | -3.89                                 |
| December               | 460.00   | 398.00     | 456.35      | 7.88                                  | 460.80   | 397.70 | 456.40  | 8.13                                  |
| January                | 484.00   | 424.05     | 439.35      | -3.73                                 | 482.25   | 424.60 | 437.65  | -4.11                                 |
| February               | 522.25   | 425.40     | 506.35      | 15.25                                 | 522.20   | 427.00 | 507.80  | 16.03                                 |
| March                  | 567.70   | 493.95     | 541.45      | 6.93                                  | 567.50   | 494.45 | 540.55  | 6.45                                  |

### viii) Information regarding Dividend Payment:

a) Dividends remaining unpaid/unclaimed up to the financial year 2006-2007 has been transferred to the Investors' Education and Protection Fund (IEPF). The dividend declared from the financial year 2007-2008, which remained 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 may apply to the concerned authority constituted by Central Government in this regard. Members who have not claimed their dividend for the financial year 2008-09 and onwards are requested to make their claim to the Company immediately.

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

### ix) Registrar & Transfer Agent:

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

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

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 31<sup>st</sup> March, 2015:

| RANGE No. of Shares | Shareholders             |                    | Shares                   |                    |
|---------------------|--------------------------|--------------------|--------------------------|--------------------|
|                     | Numbers of total Holders | % to Total Holders | Numbers of total Holders | % to Total Holders |
| Upto-500            | 18,606                   | 88.74              | 20,59,394                | 3.24               |
| 501-1000            | 1,193                    | 5.69               | 871,313                  | 1.37               |
| 1001-2000           | 546                      | 2.61               | 792,964                  | 1.25               |
| 2001-3000           | 172                      | 0.82               | 435,772                  | 0.69               |
| 3001-4000           | 90                       | 0.43               | 320,961                  | 0.50               |
| 4001-5000           | 55                       | 0.26               | 253,395                  | 0.40               |
| 5001-10000          | 116                      | 0.55               | 852,301                  | 1.33               |
| 10001- above        | 188                      | 0.90               | 5,80,65,779              | 91.22              |
| <b>Total</b>        | <b>20,966</b>            | <b>100</b>         | <b>6,36,51,879</b>       | <b>100</b>         |

xii) Dematerialisation of shares:

As on 31<sup>st</sup> March, 2015, 98.04% of the capital comprising 62,407,341 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
- Auro Textiles (Unit-II)  
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-141010  
Tele : 0161-2228943-48  
Fax : 0161-2601048, 2602710, 2222616  
E-mail : [secretarial.lud@vardhman.com](mailto: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 31<sup>st</sup> March, 2015.

PLACE : Ludhiana  
DATED : 8<sup>th</sup> May, 2015

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 31<sup>st</sup> March, 2015, 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

(Sanjiv Mohan)  
Partner  
Membership No. 86066

Place : Ludhiana  
Dated: 8<sup>th</sup> May, 2015

To  
The Members of  
**Vardhman Textiles Limited**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of M/s. Vardhman Textiles Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing

standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act



## Annexure to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of even date)

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 31<sup>st</sup> March, 2015;
- b. In the case of the 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

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (1) of section 143 of the Act, we give in the Annexure, which forms part of this report, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account, as required by law have been kept by the Company so far, as appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164(2) of the Act;

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, we have to state that in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - (ii) The Company has made provision as required under the applicable law or accounting standards in respect of long term derivative contracts on mark to market basis. There are no other long term contracts for which there were any material foreseeable losses.
  - (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

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

(SANJIV MOHAN)  
Partner

Place: Ludhiana  
Dated: 8th May, 2015

M. No. 086066

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has adopted a policy of physical verification of the fixed assets once in every three years. Pursuant to the said policy, the Company has physically verified the entire block of Land, Building and Vehicles during the year under audit. Discrepancies noticed on such physical verification were not material and have been properly dealt with in the books of account.
- (ii) (a) The physical verification has been carried out by the Management in respect of inventory at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
- (b) Based on information and explanations given to us and the records produced to us, in our view, procedures of physical verification of inventory followed by the management during the year are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As per the information given to us, the discrepancies noticed on physical verification of Inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any secured or unsecured loans to the parties covered in the register maintained under section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have

not observed any continuing failure to correct major weaknesses in such internal control systems.

- (v) According to the information and explanations given to us, the Company has not accepted any deposits from public during the year under the provisions of section 73 and 76 and any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014. According to the information and explanation given to us, no order under its aforesaid sections has been passed by the Company Law Board or the Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the sub-section (1) of section 148 of the Companies Act, specified by the Central Government and are of the opinion that, prima facie, such accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and records of the Company examined by us, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of statutory dues payable were outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the disputed statutory dues that have not been deposited on account of matters pending before the appellate authorities in respect of sales tax, duty of custom, service tax, duty of excise, value added tax and income tax are given below:

| Nature of Dues/Name of Statute | Amount<br>(₹ in lac) | Financial Year to which it relates | Forum where dispute is pending                                 |
|--------------------------------|----------------------|------------------------------------|--|
| Central Excise Act, 1944       | 0.17                 | 2002-03                            | Assistant Commissioner Central Excise, Ludhiana                |
| Central Excise Act, 1944       | 3.55                 | 2005-06                            | CESTAT, Delhi  |
| Central Excise Act, 1944       | 1.02                 | 2009-10                            | Commissioner (Appeals), Bhopal                                 |
| Central Excise Act, 1944       | 18.67                | 2009-10                            | CESTAT, Delhi  |
| Central Excise Act, 1944       | 216.06               | 2009-10                            | CESTAT, Delhi  |
| Central Excise Act, 1944       | 1.68                 | 2005-06                            | Commissioner (Appeals) , Chandigarh                            |
| Central Excise Act, 1944       | 25.88                | 2005-06                            | Hon'ble Supreme Court, New Delhi.                              |
| Central Excise Act, 1944       | 13.18                | 2006-07                            | CESTAT, Delhi  |
| Central Excise Act, 1944       | 13.51                | 2007-08                            | Additional Commissioner( P & V), Chandigarh                    |
| Central Excise Act, 1944       | 4.26                 | 2008-09                            | Hon'ble Supreme Court, New Delhi.                              |
| Central Excise Act, 1944       | 4.88                 | 2008-09                            | Commissioner ( Appeals ), Jalandhar                            |
| Central Excise Act, 1944       | 112.00               | 2011-12                            | CESTAT, Delhi  |
| Central Excise Act, 1944       | 0.52                 | 2011-12                            | Commissioner (Appeals), Bhopal                                 |
| Central Excise Act, 1944       | 449.64               | 2011-12                            | CESTAT, Delhi  |
| Central Excise Act, 1944       | 4.80                 | 2006-07                            | CESTAT, Delhi  |
| Central Excise Act, 1944       | 64.72                | Jan 2008 to March, 2011            | CESTAT, Delhi  |
| Central Excise Act, 1944       | 34.59                | 2013-14                            | CESTAT, Delhi  |
| Central Sales Tax Act, 1956    | 6.19                 | 2009-10                            | Deputy Excise & Taxation Commissioner (Appeal), Jalandhar      |
| Commercial Tax Act, 1994       | 0.52                 | 2001-02                            | Assistant Commissioner Commercial Tax, Bhopal                  |
| Entry tax Act, 1976            | 1.81                 | 2000-01                            | Assistant Commissioner Commercial Tax, Bhopal                  |
| Entry tax Act, 1976            | 8.10                 | 2003-04                            | Additional Commissioner Commercial Tax, Bhopal                 |
| Central Sales Tax Act, 1956    | 1.80                 | 2005-06                            | Deputy Commissioner of Sales Tax, Mumbai                       |
| MP VAT Act, 2002               | 30.87                | 2006-07                            | Appellate Board Commercial Tax, Bhopal                         |
| MP VAT Act, 2002               | 5.26                 | 2010-11                            | Appellate Board Commercial Tax, Bhopal                         |
| MP VAT Act, 2002               | 6.68                 | 2011-12                            | Additional Commissioner (Appeals) Commercial Tax, Bhopal       |
| MP VAT Act, 2002               | 3.70                 | 2012-13                            | Additional Commissioner (Appeals) Commercial Tax, Bhopal       |
| Punjab VAT Act, 2005           | 0.83                 | 2002-03                            | Joint Director Enforcement, Patiala                            |
| The Finance Act, 1994          | 11.22                | 2005-06                            | Joint Secretary Revenue Department, Ministry of Finance, Delhi |
| Income Tax Act, 1961           | 193.22               | 2009-10                            | Income Tax Appellant Tribunal                                  |
| Income Tax Act, 1961           | 10,065.51            | 2010-11 and 2011-12                | Commissioner of Income Tax (Appeals)                           |

(c) According to the information and explanations given to us, the amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under has been transferred to such fund within time.

(viii) The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or banks. The Company has not issued any debentures during the year under audit.

(x) In accordance with the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xi) In our opinion and according to the information and explanations given to us, the term loans taken during the year by the Company have been applied for the purpose for which they were raised.

(xii) We have been informed that some of the employees of the Company along with the outsiders had misappropriated raw material of the Company at its unit at Budhni, Madhya Pradesh involving an amount of approximately ₹767.16 lac. The incident was reported to Police authorities at Budhni and accordingly FIR was registered by them. The Police have filed a charge sheet in the court against the concerned employees as well as other persons involved in the crime and court proceedings in the matter are in progress. The Company has also filed a fidelity insurance claim in this matter.

Further, on the basis of information and explanation given to us, we report that no other fraud on or by the Company has been noticed or reported during the course of our audit.

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

(SANJIV MOHAN)

Place: Ludhiana  
Dated: 8th May, 2015

Partner  
M. No. 086066

BALANCE SHEET AS AT 31<sup>st</sup> March, 2015

(₹ in lac)

| Particulars   | Note no. | As at 31st March, 2015 | As at 31st March, 2014 |
|---|----------|------------------------|------------------------|
| <b>I EQUITY AND LIABILITIES</b>                                 |          |                        |                        |
| <b>(1) Shareholders' funds</b>                                  |          |                        |                        |
| (a) Share capital   | 3        | 6,365.19               | 6,365.19               |
| (b) Reserves and surplus  | 4        | 3,01,972.83            | 2,78,466.53            |
|   |          | 3,08,338.02            | 2,84,831.72            |
| <b>(2) Non-current liabilities</b>                              |          |                        |                        |
| (a) Long-term borrowings  | 5        | 1,31,726.48            | 1,92,506.40            |
| (b) Deferred tax liabilities (net)                              | 6        | 19,847.61              | 26,614.71              |
| (c) Other long term liabilities                                 | 7        | 1,446.29               | 1,234.31               |
| (d) Long-term provisions  | 8        | 514.71                 | 441.51                 |
|   |          | 1,53,535.09            | 2,20,796.93            |
| <b>(3) Current liabilities</b>                                  |          |                        |                        |
| (a) Short-term borrowings                                       | 9        | 46,854.69              | 83,550.26              |
| (b) Trade payables  | 10       | 12,954.60              | 9,661.11               |
| (c) Other current liabilities                                   | 11       | 1,00,432.07            | 80,852.49              |
| (d) Short-term provisions                                       | 12       | 8,367.64               | 8,326.17               |
|   |          | 1,68,609.00            | 1,82,390.03            |
| <b>TOTAL</b>  |          | <b>6,30,482.11</b>     | <b>6,88,018.68</b>     |
| <b>II ASSETS</b>  |          |                        |                        |
| <b>(1) Non-current assets</b>                                   |          |                        |                        |
| (a) Fixed assets  | 13       |                        |                        |
| (i) Tangible assets   |          | 2,48,233.66            | 2,76,041.55            |
| (ii) Intangible assets  |          | 1,393.29               | 1,426.79               |
| (iii) Capital work-in-progress                                  |          | 7,677.68               | 8,457.60               |
|   |          | 2,57,304.63            | 2,85,925.94            |
| (b) Non-current investments                                     | 14       | 57,476.60              | 49,318.45              |
| (c) Long-term loans and advances                                | 15       | 7,230.65               | 8,894.76               |
| (d) Other non-current assets                                    | 16       | 12,386.42              | 3,004.88               |
|   |          | 3,34,398.30            | 3,47,144.03            |
| <b>(2) Current assets</b>                                       |          |                        |                        |
| (a) Current investments   | 17       | 9,940.31               | 21,915.88              |
| (b) Inventories   | 18       | 1,63,673.47            | 1,87,154.48            |
| (c) Trade receivables   | 19       | 67,681.88              | 73,876.19              |
| (d) Cash and cash equivalents                                   | 20       | 17,554.77              | 5,274.51               |
| (e) Short-term loans and advances                               | 21       | 35,445.36              | 50,866.02              |
| (f) Other current assets  | 22       | 1,788.02               | 1,787.57               |
|   |          | 2,96,083.81            | 3,40,874.65            |
| <b>TOTAL</b>  |          | <b>6,30,482.11</b>     | <b>6,88,018.68</b>     |
| See accompanying notes forming part of the financial statements | 1 to 51  |                        |                        |

As per our report of even date

For S. C. Vasudeva &amp; Co.,

Chartered Accountants

Firm Regn. No.: 000235N

For and on behalf of the Board of Directors

(Sanjiv Mohan)  
Partner

M. No. 086066

Place : Ludhiana

Dated: 8<sup>th</sup> May, 2015Karan Kamal Walia  
Company SecretaryRajeev Thapar  
Chief Financial OfficerSachit Jain  
Joint Managing DirectorS.P. Oswal  
Chairman and  
Managing Director

Place :Ludhiana

Dated : 8<sup>th</sup> May, 2015STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015

(₹ in lac)

| Particulars  | Note no. | For the year ended<br>31st March 2015 | For the year ended<br>31st March, 2014 |
|--|----------|---------------------------------------|--|
| (i) Revenue from operations (gross)  | 23       | 5,74,263.62                           | 5,17,186.54                            |
| Less : Excise duty   |          | 60.36                                 | 55.58                                  |
| Revenue from operations (net)  |          | 5,74,203.26                           | 5,17,130.96                            |
| (ii) Other income  | 24       | 15,806.76                             | 6,458.24                               |
| <b>(iii) Total revenue (i) + (ii)</b>  |          | <b>5,90,010.02</b>                    | <b>5,23,589.20</b>                     |
| <b>(iv) Expenses :</b>   |          |                                       |  |
| Cost of materials consumed   | 25       | 2,90,051.80                           | 2,51,238.65                            |
| Purchases of stock-in-trade  | 26       | 7,442.39                              | 5,713.29                               |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade          | 27       | 13,102.92                             | (22,946.74)                            |
| Employee benefits expense  | 28       | 35,083.13                             | 32,016.68                              |
| Finance costs  | 29       | 12,153.54                             | 15,182.75                              |
| Depreciation and amortization expense  | 13       | 48,884.54                             | 29,412.59                              |
| Other expenses   | 30       | 1,34,364.78                           | 1,25,033.83                            |
| <b>Total expenses</b>  |          | <b>5,41,083.10</b>                    | <b>4,35,651.05</b>                     |
| <b>(v) Profit before tax, exceptional and extraordinary items and tax (iii) - (iv)</b> |          | <b>48,926.92</b>                      | <b>87,938.15</b>                       |
| <b>(vi) Tax expense :</b>  |          |                                       |  |
| - Current tax  |          | 18,600.00                             | 18,850.00                              |
| - Deferred tax   |          | (5,584.43)                            | 3,900.46                               |
|  |          | 13,015.57                             | 22,750.46                              |
| <b>(vii) Profit for the year (v) - (vi)</b>  |          | <b>35,911.35</b>                      | <b>65,187.69</b>                       |
| <b>Earnings per equity share (of ₹10/- each)</b>                                       |          |                                       |  |
| <b>Basic</b>   |          | 56.42                                 | 102.41                                 |
| <b>Diluted</b>   |          | 56.42                                 | 102.41                                 |
| See accompanying notes forming part of the financial statements                        | 1 to 51  |                                       |  |

As per our report of even date

For S. C. Vasudeva &amp; Co.,

Chartered Accountants

Firm Regn. No.: 000235N

For and on behalf of the Board of Directors

(Sanjiv Mohan)  
Partner

M. No. 086066

Place : Ludhiana

Dated: 8<sup>th</sup> May, 2015Karan Kamal Walia  
Company SecretaryRajeev Thapar  
Chief Financial OfficerSachit Jain  
Joint Managing DirectorS.P. Oswal  
Chairman and  
Managing Director

Place :Ludhiana

Dated : 8<sup>th</sup> May, 2015

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in lac)

| Particulars   | For the year ended<br>31st March 2015 | For the year ended<br>31st March, 2014 |
|---|---------------------------------------|--|
| <b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>                        |                                       |  |
| Net Profit before Extraordinary items and tax                       | 48,926.92                             | 87,938.15                              |
| Adjustments for :   |                                       |  |
| Depreciation and amortisation                                       | 48,884.54                             | 29,412.59                              |
| Interest expense  | 14,072.09                             | 16,344.15                              |
| Interest income   | (3,009.45)                            | (2,156.19)                             |
| Dividend income   | (2,358.09)                            | (2,132.79)                             |
| (Profit)/Loss on sale of Assets(Net)                                | (216.44)                              | (478.63)                               |
| (Profit)/Loss on sale of Investments (Net)                          | (2,117.57)                            | (1,673.28)                             |
| Provision no longer required written Back(Net)                      | (474.76)                              | (570.16)                               |
| Sundry balance written back   | (137.50)                              | (13.92)                                |
| Excess income written off   | 148.52                                | 137.35                                 |
| Fixed assets written off  | 75.38                                 | 86.34                                  |
| Bad debts written off   | 40.72                                 | 147.37                                 |
| Allowances for doubtful trade receivables and advances written back | (14.49)                               | (86.84)                                |
| Provision for fall in value of investments written back             | (9.46)                                | (2.33)                                 |
|   | 54,883.49                             | 39,013.65                              |
| Changes in Working capital  | 1,03,810.41                           | 1,26,951.80                            |
| Adjustments for :   |                                       |  |
| (Increase)/Decrease in Trade and other Receivables                  | 11,991.97                             | (15,840.81)                            |
| (Increase)/Decrease in Inventories                                  | 23,481.01                             | (37,210.00)                            |
| Increase/(Decrease) in Trade Payables and other Liabilities         | (697.26)                              | 15,138.71                              |
|   | 34,775.72                             | (37,912.10)                            |
| Cash generated from Operations                                      | 1,38,586.13                           | 89,039.70                              |
| Net income tax paid   | (17,497.05)                           | (18,473.38)                            |
| <b>Net cash flow from/ (used in) operating activities</b>           | <b>1,21,089.08</b>                    | <b>70,566.32</b>                       |
| <b>B.CASH FLOW FROM INVESTING ACTIVITIES</b>                        |                                       |  |
| Purchase of Fixed Assets  | (25,331.11)                           | (60,603.37)                            |
| Proceeds from sale of Fixed Assets                                  | 382.11                                | 498.61                                 |
| Purchase of Investments   | (13,562.34)                           | (34,380.25)                            |
| Purchase of shares of Subsidiary company                            | (185.64)                              | (163.54)                               |
| Proceeds from sale of Investments                                   | 19,692.45                             | 20,751.74                              |
| Interest received   |                                       |  |
| -subidiaries  | 79.94                                 | 68.90                                  |
| -others   | 2,148.66                              | 2,520.35                               |
| Dividend received   |                                       |  |
| -subidiaries  | 1,295.25                              | 1,051.57                               |
| -others   | 1,062.83                              | 1,081.22                               |
| <b>Net Cash flow from / (used in) investing activities</b>          | <b>14,417.85</b>                      | <b>(67,747.28)</b>                     |

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

(₹ in lac)

| Particulars  | For the year ended<br>31st March 2015 | For the year ended<br>31st March, 2014 |
|--|---------------------------------------|--|
| <b>C.CASH FLOW FROM FINANCING ACTIVITIES</b>                           |                                       |  |
| Proceeds/ (Repayments) from Long Term Borrowings(Net)                  | (35,425.07)                           | 12,456.03                              |
| Proceeds/ (Repayments) from Short Term Borrowings(Net)                 |                                       |  |
| -subidiaries   | (1,605.58)                            | 1,457.78                               |
| -others  | (35,089.98)                           | 6,327.84                               |
| Dividend Paid (including taxes)  | (7,949.95)                            | (4,280.54)                             |
| Interest Paid  | (14,320.39)                           | (16,168.56)                            |
| <b>Net Cash flow from/(used in) Financing Activities</b>               | <b>(94,390.97)</b>                    | <b>(207.45)</b>                        |
|  |                                       |  |
| <b>Net Increase in cash and cash equivalents</b>                       | <b>12,280.26</b>                      | <b>2,611.60</b>                        |
| Cash and cash equivalents at the beginning of the year                 | 5,274.51                              | 2,662.91                               |
| Cash and cash equivalents at the end of the year                       | 17,554.77                             | 5,274.51                               |
| Bank Balances not considered as cash and cash equivalents              | 12,008.42                             | 2,552.23                               |
| See accompanying notes forming part of the financial statements (1-51) |                                       |  |

As per our report of even date

For S. C. Vasudeva &amp; 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  
Chief Financial Officer

Sachit Jain  
Joint Managing Director

S.P. Oswal  
Chairman and  
Managing Director

Place : Ludhiana  
Dated: 8<sup>th</sup> May, 2015

Place :Ludhiana  
Dated : 8<sup>th</sup> May, 2015

## 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 prescribed under section 133 of Companies Act, 2013 read with rule 7 of The Companies (Accounts) rules, 2014.

### (b) Use of Estimates:

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

### (c) Revenue Recognition:

#### (i) Sales:

Revenue from sale of goods is recognized:

- 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
- 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 recognized on post export basis.

#### (iii) Interest:

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

#### (iv) Dividend:

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

#### (v) Insurance and Other Claims

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

### (d) Employees Benefits:

#### (a) Short Term Employee Benefits :

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the 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 recognized 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 recognize the obligation on a net basis.

Actuarial gain or loss is recognized immediately in the statement of profit or loss.

### (iii) Long Term Employee Benefits

The liability for leave encashment and other compensated absences is recognized 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 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 amortization.

### (g) Depreciation:

- Depreciation on tangible fixed assets is provided on Straight Line Method on the basis of useful lives of such assets specified in Schedule II to the Companies Act, 2013.
- Depreciation on assets costing ₹5000/- or below is charged @ 100% per annum on proportionate basis.

### (h) Amortization:

- Intangible assets are amortized on straight line method 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 realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- In case of raw materials at weighted average cost plus direct expenses.
- In case of stores and spares at weighted average cost plus direct expenses.
- In case of work in 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 capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**(n) Segment Information :**

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

**(o) Operating Leases :**

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

**(p) Foreign Currency Transaction :**

- (i) Foreign currency transactions are recorded on initial recognition 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 recognized as income or expense in the period in which they arise.
- (iii) The premium or discount arising at the inception of forward exchange contract is amortized as an expense or income over the life of the contract. Exchange difference on such a contract is recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Profit or loss arising on cancellation or renewal of such contract is recognized as income or expense in the period in which such profit or loss arises.
- (iv) The exchange difference to the extent of loss, arising on forward contracts 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 approximate to the actual rates at the date of transaction. Branch monetary assets & liabilities are restated 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 recognized (for liabilities that can be measured by using a substantial degree of estimation) when:**
  - a) the company has a present obligation as a result of a past event;
  - b) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
  - c) the amount of the obligation can be reliably estimated
- ii) **Contingent liability is disclosed in case there is :**
  - a) (i) possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
    - (ii) a reliable estimate of the amount of the obligation cannot be made.
  - b) **a present obligation arising from past events but is not recognised**
    - (i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
    - (ii) a reliable estimate of the amount of the obligation cannot be made.

## 3 Share capital

| Particulars   | As at 31st March, 2015 |           | As at 31st March, 2014 |           |
|---|------------------------|-----------|------------------------|-----------|
|   | 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  |
|   | 1,000.00               | 10,000.00 | 1,000.00               | 10,000.00 |
| 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 31st March, 2015 |          | As at 31st March, 2014 |          |
|--|------------------------|----------|------------------------|----------|
|  | 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, 2015 the amount of per share dividend recognised as distributions to equity shareholders was ₹10 per share (Previous Year: ₹11).

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.

## c. Rights, preferences and restrictions to Preference Shares

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.

## d. 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.

## e. 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 31st March 2015 | Aggregate number of shares as at 31st March, 2014 |
|--|--|---|
| 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   | -  | -   |

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

| Class of shares and Name of shareholder   | As at 31st March, 2015 |                | As at 31st March, 2014 |                |
|---|------------------------|----------------|------------------------|----------------|
|   | 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           |
| Adishwar Enterprises LLP (Formerly known as Adinath Investment and Trading Company) | 129.48                 | 20.34          | 129.48                 | 20.34          |
| Vardhman Holdings Limited   | 154.03                 | 24.20          | 154.03                 | 24.20          |
| IDFC Premier Equity Fund  | 39.52                  | 6.21           | 36.55                  | 5.74           |

## g. Terms of securities convertible into equity/preference shares N.A.

## 4 Reserves and surplus

| Particulars  | As at 31st March, 2015 |             | As at 31st March, 2014 |             |
|--|------------------------|-------------|------------------------|-------------|
|  | Number (in lac)        | ₹ in lac    | Number (in lac)        | ₹ in lac    |
| Capital Reserve*   |                        | 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   | 1,51,302.34            |             | 1,44,702.34            |             |
| Add: Transferred from surplus in the statement of profit and loss                                | 35,000.00              |             | 6,600.00               |             |
| Closing Balance  |                        | 1,86,302.34 |                        | 1,51,302.34 |
| Surplus i.e. balance in the Statement of Profit and Loss   |                        |             |                        |             |
| Balance as per the last financial statements   | 1,05,764.32            |             | 55,189.56              |             |
| Add: Profit for the period transferred from statement of profit and loss                         | 35,911.35              |             | 65,187.69              |             |
| Add: Corporate dividend tax written back   | 220.13                 |             | 178.71                 |             |
| Less: Depreciation charged to reserves as per schedule-II of Companies Act, 2013 (refer note-32) | 6,110.77               |             | -                      |             |
| Add: Deferred tax on Depreciation charged (refer note-32)  | 1,182.68               |             |                        |             |
| Less: Appropriations   |                        |             |                        |             |
| Proposed equity dividend (amount per share ₹10) (previous year ₹11)                              | 6,365.19               |             | 7,001.71               |             |
| Tax on dividend  | 1,331.90               |             | 1,189.93               |             |
| Transferred to general reserve   | 35,000.00              |             | 6,600.00               |             |
| Closing Balance  |                        | 94,270.62   |                        | 1,05,764.32 |
| Total  |                        | 3,01,972.83 |                        | 2,78,466.53 |

\* The capital reserve includes ₹285.00 lac (Previous Year: ₹285.00 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

| Particulars  | (₹ in lac)             |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2015 | As at 31st March, 2014 |
| Term loans (Secured) :   |                        |                        |
| From banks   | 2,03,734.41            | 2,39,159.49            |
| Less: Current maturities of long term borrowings (refer note-11) | 72,007.93              | 46,653.09              |
|  | 1,31,726.48            | 1,92,506.40            |
| Total  | 1,31,726.48            | 1,92,506.40            |

## 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) Terms of repayment of term loans\*

| ₹ in Lacs                     |                               | Repayment Period     |                       | Installments outstanding |                     | Periodicity of repayment |               |
|-------------------------------|-------------------------------|----------------------|-----------------------|--------------------------|---------------------|--------------------------|---------------|
| Balance As at 31st March 2015 | Balance As at 31st March 2014 | Current Year (Years) | Previous Year (Years) | Current Year (No.)       | Previous Year (No.) | Current Year             | Previous Year |
| 16,275.00                     | 19,200.00                     | 5                    | 5                     | 12                       | 16                  | Quarterly                | Quarterly     |
| 29,000.00                     | 32,525.00                     | 5                    | 5                     | 13                       | 17                  | Quarterly                | Quarterly     |
| 9,232.00                      | 10,206.00                     | 5                    | 5                     | 14                       | 18                  | Quarterly                | Quarterly     |
| 6,100.00                      | 6,000.00                      | 5                    | 5                     | 15                       | 19                  | Quarterly                | Quarterly     |
| 15,400.00                     | 15,200.00                     | 5                    | 5                     | 17                       | 20                  | Quarterly                | Quarterly     |
| 6,830.00                      | -                             | 5                    | -                     | 20                       | -                   | Quarterly                | -             |
| 1,987.66                      | 9,838.18                      | 8                    | 8                     | 1                        | 5                   | Quarterly                | Quarterly     |
| 112.50                        | 1,462.50                      | 8                    | 8                     | 1                        | 13                  | Monthly                  | Monthly       |
| 1,120.15                      | 2,453.87                      | 8                    | 8                     | 3                        | 7                   | Quarterly                | Quarterly     |
| 4,800.00                      | 9,600.00                      | 8                    | 8                     | 4                        | 8                   | Quarterly                | Quarterly     |
| 40,220.18                     | 52,532.39                     | 8                    | 8                     | 5                        | 9                   | Quarterly                | Quarterly     |
| 9,447.92                      | 11,440.55                     | 8                    | 8                     | 6                        | 10                  | Quarterly                | Quarterly     |
| 9,625.00                      | 12,645.00                     | 8                    | 8                     | 7                        | 11                  | Quarterly                | Quarterly     |
| 2,444.00                      | 2,776.00                      | 8                    | 8                     | 8                        | 12                  | Quarterly                | Quarterly     |
| 13,100.00                     | 14,700.00                     | 8                    | 8                     | 9                        | 13                  | Quarterly                | Quarterly     |
| 1,640.00                      | 1,780.00                      | 8                    | 8                     | 17                       | 21                  | Quarterly                | Quarterly     |
| 12,100.00                     | 13,100.00                     | 8                    | 8                     | 18                       | 22                  | Quarterly                | Quarterly     |
| 2,000.00                      | 1,000.00                      | 8                    | 8                     | 20                       | 20                  | Quarterly                | Quarterly     |
| 22,300.00                     | 22,700.00                     | 8                    | 8                     | 20                       | 24                  | Quarterly                | Quarterly     |
| 2,03,734.41                   | 2,39,159.49                   |                      |                       |                          |                     |                          |               |

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

## 6 Deferred tax liabilities (net)

| Particulars   | (₹ in lac)             |                        |
|---|------------------------|------------------------|
|   | As at 31st March, 2015 | As at 31st March, 2014 |
| Deferred tax liabilities  |                        |                        |
| Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting period             | 21,002.91              | 27,420.03              |
| Gross deferred tax liability  | 21,002.91              | 27,420.03              |
| 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 | 1,155.30               | 805.32                 |
| Gross deferred tax asset  | 1,155.30               | 805.32                 |
| Deferred tax liability (Net)  | 19,847.61              | 26,614.71              |

## 7 Other long-term liabilities

| Particulars       | (₹ in lac)             |                        |
|-------------------|------------------------|------------------------|
|                   | As at 31st March, 2015 | As at 31st March, 2014 |
| Other liabilities |                        |                        |
| Retention money   | 30.69                  | 12.66                  |
| Security payable  | 10.85                  | 1.10                   |
| Due to employees  | 24.38                  | 18.33                  |
| Others            | 1,380.37               | 1,202.22               |
| Total             | 1,446.29               | 1,234.31               |

## 8 Long-term provisions

| Particulars                       | (₹ in lac)             |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | As at 31st March, 2015 | As at 31st March, 2014 |
| Provision for employee benefits : |                        |                        |
| - Leave encashment                | 514.71                 | 441.51                 |
| - Gratuity                        | -                      | -                      |
| Total                             | 514.71                 | 441.51                 |

## 9 Short-term borrowings

| Particulars                        | (₹ in lac)             |                        |
|------------------------------------|------------------------|------------------------|
|                                    | As at 31st March, 2015 | As at 31st March, 2014 |
| Working capital loans from Banks   |                        |                        |
| - From banks (secured)             | 45,496.87              | 79,751.01              |
| - From banks (unsecured)           | 1,357.82               | 2,018.67               |
| Loans repayable on demand          |                        |                        |
| - From related parties (unsecured) | -                      | 1,605.58               |
| - From others (unsecured)          | -                      | 175.00                 |
| Total                              | 46,854.69              | 83,550.26              |

## 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:-

- From banks carries interest @ 8.30% to 13.05% p.a. (Previous year 9.95% to 12.70% p.a)
- From related parties carries interest @ 9.50% p.a. (Previous year 9% to 10.25% p.a.)
- From others carries interest @ 12.50% p.a (Previous year 12.50% p.a)



## 10 Trade payables

| Particulars                   | As at 31st March, 2015 | As at 31st March, 2014 |
|-------------------------------|------------------------|------------------------|
| Trade payables                |                        |                        |
| Due to others (refer note 40) | 12,843.46              | 9,523.09               |
| Due to subsidiary companies   | 111.14                 | 138.02                 |
| <b>Total</b>                  | <b>12,954.60</b>       | <b>9,661.11</b>        |

## 11 Other current liabilities

| Particulars  | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
| Current maturities of long-term debt (refer note 5b) | 72,007.93              | 46,653.09              |
| Interest accrued but not due on borrowings           | 337.19                 | 585.48                 |
| Unpaid dividends #                                   | 140.34                 | 118.78                 |
| Other payables                                       |                        |                        |
| - Statutory remittances**                            | 3,083.74               | 2,631.60               |
| - Retention money                                    | 745.76                 | 913.03                 |
| - Security deposits                                  | 123.31                 | 53.47                  |
| - Expense payable                                    | 12,148.53              | 17,044.41              |
| - Payables for purchase of fixed assets              | 1,438.87               | 1,563.18               |
| - Advances from customers                            | 6,260.05               | 7,648.73               |
| - Due to employees                                   | 4,146.35               | 3,640.72               |
| <b>Total</b>   | <b>1,00,432.07</b>     | <b>80,852.49</b>       |

\*\* Statutory remittances include 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

| Particulars                                      | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
| Provision for employee benefits :                |                        |                        |
| Leave encashment                                 | 109.05                 | 93.19                  |
| Gratuity   | 561.50                 | 41.34                  |
| Others   |                        |                        |
| Provision for proposed dividend on equity shares | 6,365.19               | 7,001.71               |
| Provision for tax on proposed dividend           | 1,331.90               | 1,189.93               |
| <b>Total</b>                                     | <b>8,367.64</b>        | <b>8,326.17</b>        |

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2015

## 13. FIXED ASSETS

| Particulars               | Original Cost                 |                  |                 |                   | Depreciation and Amortization  |   |                                  |                   | Net Block                        |                                |                                |
|---------------------------|-------------------------------|------------------|-----------------|-------------------|--------------------------------|---|----------------------------------|-------------------|----------------------------------|--------------------------------|--------------------------------|
|                           | Balance as at 1st April, 2014 | Additions        | Disposals       | Other adjustments | Balance as at 31st March, 2015 | Depreciation/ amortisation expense for the year | Eliminated on disposal of assets | Other adjustments | Transferred to Retained earnings | Balance as at 31st March, 2015 | Balance as at 31st March, 2014 |
| <b>Tangible Assets:</b>   |                               |                  |                 |                   |                                |   |                                  |                   |                                  |                                |                                |
| Free-hold Land            | 5,950.12                      | 224.45           | -               | -                 | 6,174.57                       | -   | -                                | -                 | -                                | 6,174.57                       | 5,950.12                       |
| Leasehold Land            | 829.30                        | -                | -               | -                 | 829.30                         | 8.15  | **                               | -                 | -                                | 756.42                         | 764.57                         |
| Buildings                 | 81,151.36                     | 6,255.67         | -               | 63.65             | 87,343.38                      | 2,980.47  | -                                | 28.97             | 2,303.39                         | 67,070.41                      | 66,133.28                      |
| Plant and Equipment       | 4,06,868.64                   | 19,629.83        | 867.65          | 261.73            | 4,25,369.09                    | 44,713.97                                       | 805.95                           | 179.66            | 3,578.76                         | 1,71,724.68                    | 2,00,531.35                    |
| Furniture and Fixtures    | 1,990.04                      | 208.43           | 6.14            | (0.29)            | 2,192.62                       | 226.20  | 5.91                             | 1.46              | 42.52                            | 757.77                         | 816.54                         |
| Vehicles                  | 1,261.72                      | 284.82           | 119.24          | 2.99              | 1,424.31                       | 162.43  | 62.64                            | 2.33              | 8.05                             | 847.04                         | 789.96                         |
| Office equipment          | 2,371.02                      | 423.15           | 11.93           | 16.42             | 2,765.82                       | 391.20  | 10.51                            | 10.98             | 178.05                           | 902.77                         | 1,055.73                       |
| <b>Total (A)</b>          | <b>5,00,422.20</b>            | <b>27,026.35</b> | <b>1,004.96</b> | <b>344.50</b>     | <b>5,26,099.09</b>             | <b>48,482.42</b>                                | <b>884.99</b>                    | <b>223.41</b>     | <b>6,110.77</b>                  | <b>2,48,233.66</b>             | <b>2,76,041.55</b>             |
| <b>Intangible Assets:</b> |                               |                  |                 |                   |                                |   |                                  |                   |                                  |                                |                                |
| Computer Softwares        | 1,471.98                      | 286.12           | -               | -                 | 1,758.10                       | 245.07  | -                                | -                 | -                                | 943.84                         | 902.79                         |
| Right to use Power lines  | 1,730.01                      | 82.50            | -               | -                 | 1,812.51                       | 157.05  | -                                | -                 | -                                | 449.45                         | 524.00                         |
| <b>Total (B)</b>          | <b>3,201.99</b>               | <b>368.62</b>    | <b>-</b>        | <b>-</b>          | <b>3,570.61</b>                | <b>402.12</b>                                   | <b>-</b>                         | <b>-</b>          | <b>-</b>                         | <b>1,393.29</b>                | <b>1,426.79</b>                |
| <b>Grand Total (A+B)</b>  | <b>5,03,624.19</b>            | <b>27,394.97</b> | <b>1,004.97</b> | <b>344.50</b>     | <b>5,29,669.70</b>             | <b>48,884.54</b>                                | <b>884.99</b>                    | <b>223.41</b>     | <b>6,110.77</b>                  | <b>2,49,626.95</b>             | <b>2,77,468.34</b>             |
| Previous Year             | 4,33,106.73                   | 73,435.31        | 2,491.55        | 426.29            | 5,03,624.20                    | 29,412.59                                       | 2,301.19                         | 510.33            | -                                | 2,77,468.34                    | 2,33,551.94                    |

# 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.

- Depreciation for the year includes net depreciation of ₹(-) 22.79 lacs (Previous Year ₹(-) 819.63 lacs) pertaining to earlier years.

- Intangible Assets are not internally generated.

## 14 Non-current investments (Long term investments)

| Particulars   | (₹ in lac)             |                        |
|---|------------------------|------------------------|
|   | As at 31st March, 2015 | As at 31st March, 2014 |
| <b>I TRADE INVESTMENTS (at cost)</b>  |                        |                        |
| <b>a. Investment in equity instruments</b>  |                        |                        |
| <b>(i) Investment in subsidiaries (quoted)</b>  |                        |                        |
| 65,800,834 (Previous year: 65,110,636 ) Equity shares of ₹10/- each fully paid up of Vardhman Acrylics Limited  | 6,151.93               | 5,966.28               |
| <b>(ii) Investment in subsidiaries (unquoted)</b>   |                        |                        |
| - 18,515,060 (Previous year: 18,515,060) Equity shares of ₹10/- each fully paid up of VMT Spinning Company Limited  | 2,856.40               | 2,856.40               |
| - 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                 |
| <b>(iii) Investment in associates (quoted)</b>  |                        |                        |
| - 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                 |
| <b>(iv) Investment in associates (unquoted)</b>   |                        |                        |
| - 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>b. Investment in preference instruments</b>  |                        |                        |
| <b>(i) Investment in subsidiaries (unquoted)</b>  |                        |                        |
| - 10,000,000 (Previous year: 10,000,000) 10% non-cumulative convertible preference shares of ₹10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited  | 1,000.00               | 1,000.00               |
| <b>II OTHER INVESTMENTS (at cost)</b>   |                        |                        |
| <b>a. Investment in equity instruments (unquoted)</b>   |                        |                        |
| - 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                   |
| - Nil (Previous year: 275,000) 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                  |

(₹ in lac)

| Particulars  | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
| <b>b. Investment in mutual funds (quoted)</b>  |                        |                        |
| <b>Fixed maturity plans/Debt Funds</b>   |                        |                        |
| - 10,000,000 (Previous year:10,000,000) Units of ₹10/- each of SBI debt Fund Series - A-10-400 days-Regular -Growth                  | 1,000.00               | 1,000.00               |
| - 25,000,000 (Previous year:25,000,000 ) Units of ₹10/- each of SBI debt Fund Series -A-14-380 days-Direct -Growth                   | 2,500.00               | 2,500.00               |
| - 15,000,000 (Previous year:15,000,000 ) Units of ₹10/- each of SBI debt Fund Series - A-10-400 days-Direct -Growth                  | 1,500.00               | 1,500.00               |
| - 25,000,000 (Previous year:25,000,000) Units of ₹10/- each of DSP Blackrock FMP-12.5M   | 2,500.00               | 2,500.00               |
| - 25,000,000 (Previous year: 25,000,000) Units of ₹10/- each of DSP Reliance Fixed Horiozon Fund XXVI Series 2 Direct Growth Plan    | 2,500.00               | 2,500.00               |
| - 25,000,000 (Previous year: 25,000,000) Units of ₹10/- each of BSL Fixed Term Plan -Series KR - Growth Direct                       | 2,500.00               | 2,500.00               |
| - 50,000,000 (Previous year: 50,000,000) Units of ₹10/- each of ICICI Prudential FMP Series 73-Plan I Direct Plan Cumulative         | 5,000.00               | 5,000.00               |
| - 30,000,000 (Previous year: 30,000,000) Units of ₹10/- each of UTI Fixed Term Income Fund Series XVIII-I Direct Growth Plan         | 3,000.00               | 3,000.00               |
| - 20,000,000 (Previous year: 20,000,000) Units of ₹10/- each of Reliance Fixed Horizon Fund- XXV- Series 33- Direct Plan Growth Plan | 2,000.00               | 2,000.00               |
| - 25,000,000 (Previous year: 25,000,000) Units of ₹10/- each of Kotak FMP Series 149 Direct - Growth                                 | 2,500.00               | 2,500.00               |
| - 50,000,000 (Previous year:nil ) Units of ₹10/- each of LD471G SBI Debt Fund Series-B (1105 DAYS) Direct Plan Growth FMP            | 5,000.00               | -                      |
| - 5,000,000 (Previous year:nil ) Units of ₹10/- each of ICICI Prudential FMP Series 76-1108 Days Plan V Direct Plan Cumulative       | 500.00                 | -                      |
| - 25,000,000 (Previous year:nil ) Units of ₹10/- each of ICICI Prudential FMP Series 76-1108 Days Plan V Direct Plan Cumulative      | 2,500.00               | -                      |
| <b>Total</b>   | <b>57,476.60</b>       | <b>49,318.45</b>       |
| <b>1. Aggregate amount of quoted investments</b>   | <b>39,734.42</b>       | <b>31,548.78</b>       |
| <b>2. Aggregate Market Value of quoted investments</b>   | <b>52,963.78</b>       | <b>34,128.76</b>       |
| <b>3. Aggregate amount of unquoted investments</b>   | <b>17,742.18</b>       | <b>17,769.67</b>       |
| <b>4. Aggregate provision made for diminution in value of investments</b>  | <b>-</b>               | <b>-</b>               |

## 15 Long-term loans and advances

| Particulars  | (₹ in lac)             |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2015 | As at 31st March, 2014 |
| ( unsecured, considered good )   |                        |                        |
| Capital advances   | 1,663.04               | 3,071.30               |
| Security deposits  | 2,159.56               | 1,617.81               |
| Other loans and advances :   |                        |                        |
| - Loans to employees   | 90.54                  | 81.46                  |
| - Prepaid expenses   | 42.86                  | 35.44                  |
| - Other recoverable  | 191.69                 | 135.58                 |
| - Balance with government authorities  | 1,943.41               | 1,710.67               |
| - Advance income-tax {net of provision for tax ₹99,176.75 lac<br>(Previous year ₹80,552.75 lac)} | 1,139.55               | 2,242.50               |
| <b>Total</b>   | <b>7,230.65</b>        | <b>8,894.76</b>        |

## 16 Other non-current assets

| Particulars  | (₹ in lac)             |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2015 | As at 31st March, 2014 |
| ( unsecured considered good )                                |                        |                        |
| - Fixed Deposits with banks more than twelve months maturity | 12,008.42              | 2,552.23               |
| - Interest Receivable  | 378.00                 | 452.65                 |
| <b>Total</b>   | <b>12,386.42</b>       | <b>3,004.88</b>        |

## 17 Current investments

| Particulars  | (₹ in lac)             |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2015 | As at 31st March, 2014 |
| <b>Current investments (valued at lower of cost and fair value)</b>  |                        |                        |
| <b>Investment in Debentures or Bonds (quoted)</b>  |                        |                        |
| - 2,500,000 (Previous year: 2,500,000) 8.65% NABARD<br>Bonds of ₹100/- each  | 2,476.67               | 2,476.67               |
| Less : Provision for diminution in value of Investments  | -                      | 6.17                   |
| - Nil (Previous year: 500,000) 9.60% Non Convertible<br>Debentures of Ballarpur Industries Ltd of ₹100/- each                        | -                      | 508.18                 |
| Less : Provision for diminution in value of Investments  | -                      | 3.30                   |
| <b>Total</b>   | <b>2,476.67</b>        | <b>2,975.38</b>        |
| <b>Investment in Mutual Funds (quoted)</b>   |                        |                        |
| <b>Fixed Maturity Plans/Debt Funds</b>   |                        |                        |
| - Nil (Previous year: 20,000,000) Units of ₹10/- each of<br>SBI Debt Fund Series-366 Days 25-Direct Growth                           | -                      | 2,000.00               |
| - Nil (Previous year: 50,000,000) Units of ₹10/- each of<br>SBI Debt Fund Series-366 Days 25-Regular Growth                          | -                      | 5,000.00               |
| - Nil (Previous year:7,50,00,000) Units of ₹10/- each of<br>UTI Fixed Term Income fund series XIV-VIII - 371 days -<br>Growth Plan # | -                      | 7,500.00               |
| - Nil (Previous year: 25,000,000) Units of ₹10/- each of<br>Kotak FMP series 106- Growth   | -                      | 2,500.00               |
| <b>Total</b>   | <b>-</b>               | <b>17,000.00</b>       |

| Particulars   | (₹ in lac)             |                        |
|---|------------------------|------------------------|
|   | As at 31st March, 2015 | As at 31st March, 2014 |
| - 737,850 (Previous year :189,514) Units of ₹1000/-<br>each of SBI PLF Regular Plan Daily Dividend            | 7,402.47               | 1,901.29               |
| - Nil (Previous year 3917) Units of ₹1,000/- each of<br>Morgan Stanley Liquid Fund- daily dividend            | -                      | 39.21                  |
| - .606 (Previous year :Nil) Units of ₹10/- each of SBI<br>Ultra fund SHF Ultra STD Fund Direct Daily Dividend | 0.01                   | -                      |
| - 1,014 (Previous year :Nil) Units of ₹1,000/- each of<br>Principal Debt Opportunity Fund Conservative Plan   | 10.16                  | -                      |
| - 3,911 (Previous year :Nil) Units of ₹1,000/- each of<br>Baroda Pioneer Liquid Fund Plan A Daily Dividend*   | 51.00                  | -                      |
| <b>Total</b>  | <b>7,463.64</b>        | <b>1,940.50</b>        |
| <b>Grand Total</b>  | <b>9,940.31</b>        | <b>21,915.88</b>       |
| 1. Aggregate amount of quoted investments   | 2,476.67               | 19,984.85              |
| 2. Aggregate Market Value of quoted investments   | 2,500.00               | 21,409.65              |
| 3. Aggregate amount of unquoted investments   | 7,463.64               | 1,940.50               |
| 4. Aggregate provision made for diminution in value of<br>investments   | -                      | 9.47                   |

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

\* These investments are under Portfolio Management Services

## 18 Inventories

| Particulars   | (₹ in lac)             |                        |
|---|------------------------|------------------------|
|   | As at 31st March, 2015 | As at 31st March, 2014 |
| (at cost or net realisable value, whichever is lower)                                 |                        |                        |
| Raw materials (includes in transit ₹2,971.32 lac<br>(Previous Year ₹751.78 lac)       | 98,380.88              | 1,10,245.49            |
| Work-in-progress  | 11,763.34              | 14,294.60              |
| Finished Goods (includes in transit ₹ NIL (Previous Year ₹150.84 lac)                 | 40,479.19              | 51,201.69              |
| Stores and Spares (includes in transit ₹1,021.86 lac<br>(Previous Year ₹1,454.76 lac) | 13,050.06              | 11,412.70              |
| <b>Total</b>  | <b>1,63,673.47</b>     | <b>1,87,154.48</b>     |

## 19 Trade receivables

| (₹ in lac)   |                        |                        |
|--|------------------------|------------------------|
| Particulars  | As at 31st March, 2015 | As at 31st March, 2014 |
| Outstanding for a period exceeding six months from the date they are due for payment : |                        |                        |
| - Unsecured, considered good unless otherwise stated                                   | 1,671.63               | 648.57                 |
| - Doubtful   | 18.79                  | 8.77                   |
| Less: Allowances for doubtful trade receivables  | 18.79                  | 8.77                   |
|  | 1,671.63               | 648.57                 |
| Other trade receivables :  |                        |                        |
| - Unsecured, considered good   | 66,010.25              | 73,227.62              |
| <b>Total</b>   | <b>67,681.88</b>       | <b>73,876.19</b>       |

## 20 Cash and cash equivalents

| (₹ in lac)  |                        |                        |
|---|------------------------|------------------------|
| Particulars   | As at 31st March, 2015 | As at 31st March, 2014 |
| a) Balances with banks  |                        |                        |
| - In current accounts   | 4,264.77               | 4,738.41               |
| - In deposit accounts with maturity upto three months                       | 1,576.99               | -                      |
| b) Cheques on hand  | 16.66                  | 224.90                 |
| c) Cash on hand   | 50.33                  | 167.77                 |
| d) Other bank balances  |                        |                        |
| - Earmarked balances with banks*  | 141.87                 | 130.11                 |
| - Deposits with more than twelve months maturity                            | 12,008.42              | 2,552.23               |
| - Deposits with more than three months but less than twelve months maturity | 11,504.15              | 13.32                  |
|   | 29,563.19              | 7,826.74               |
| Less: Amounts disclosed as other non current assets (refer note 16)         | 12,008.42              | 2,552.23               |
| <b>Total</b>  | <b>17,554.77</b>       | <b>5,274.51</b>        |

\* Earmarked balances with banks includes ₹140.31 lac (Previous year ₹118.75 lac) pertaining to dividend accounts with banks and ₹1.56 lac (Previous year ₹11.36 lac) pledged with government authorities and others.

## 21 Short-term loans and advances

| (₹ in lac)  |                        |                  |                        |
|---|------------------------|------------------|------------------------|
| Particulars   | As at 31st March, 2015 |                  | As at 31st March, 2014 |
| (unsecured considered good, unless otherwise stated)  |                        |                  |                        |
| Loans and advances to related parties (refer note 42) |                        |                  |                        |
| - Subsidiary companies                                |                        | 918.12           | 773.90                 |
| - Others  |                        | 2,554.57         | 1,346.50               |
| Others:   |                        |                  |                        |
| - Balance with government authorities                 |                        | 11,889.87        | 14,614.64              |
| - Claims receivables                                  |                        | 732.94           | 122.14                 |
| - Advances to suppliers                               |                        | 6,773.61         | 19,784.25              |
| - Prepaid expenses                                    |                        | 495.09           | 543.25                 |
| - Other recoverables :                                |                        |                  |                        |
| - Considered good                                     | 12,081.16              |                  | 13,681.34              |
| - doubtful  | 87.20                  |                  | 116.37                 |
|   | 12,168.36              |                  | 13,797.70              |
| Less: Allowances for doubtful advances                | 87.20                  | 12,081.16        | 116.37                 |
| <b>Total</b>  |                        | <b>35,445.36</b> | <b>50,866.02</b>       |

## 22 Other current assets

| (₹ in lac)  |                        |                        |
|---|------------------------|------------------------|
| Particulars   | As at 31st March, 2015 | As at 31st March, 2014 |
| (unsecured, considered good)  |                        |                        |
| Amount recoverable from Mahavir Share Trust in respect of shares held in Trust ( refer note 34 and 35 ) | 1,788.02               | 1,787.57               |
| <b>Total</b>  | <b>1,788.02</b>        | <b>1,787.57</b>        |

## 23 Revenue from operations

| (₹ in lac)                           |                                     |                                     |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Particulars                          | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
| Sale of products                     | 5,60,197.22                         | 5,05,946.46                         |
| Sale of services                     | 532.76                              | 478.14                              |
| Other operating revenues :           |                                     |                                     |
| - Export benefits                    | 12,447.02                           | 9,748.61                            |
| - Others                             | 1,086.62                            | 1,013.33                            |
| Revenue from operations (Gross)      | 5,74,263.62                         | 5,17,186.54                         |
| Less : Excise duty                   | 60.36                               | 55.58                               |
| <b>Revenue from operations (Net)</b> | <b>5,74,203.26</b>                  | <b>5,17,130.96</b>                  |
| Sale of products comprise :          |                                     |                                     |
| Yarn                                 | 3,37,104.24                         | 2,98,005.61                         |
| Fabric                               | 39,675.23                           | 32,017.46                           |
| Processed fabric                     | 1,63,486.17                         | 1,56,509.82                         |
| Power                                | 17.29                               | 63.57                               |
| Miscellaneous                        | 18,971.30                           | 18,246.46                           |
| Raw material (cotton)                | 766.51                              | 940.61                              |
| Raw material (fibre)                 | 90.79                               | 113.80                              |
| Raw material (others)                | 85.69                               | 49.13                               |
| <b>Total</b>                         | <b>5,60,197.22</b>                  | <b>5,05,946.46</b>                  |

## 24 Other income

| (₹ in lac)  |                                     |                                     |
|---|-------------------------------------|-------------------------------------|
| Particulars   | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
| Dividend Income from long-term investments:                           |                                     |                                     |
| - Subsidiaries  | 1,295.25                            | 1,051.57                            |
| - Others  | 176.38                              | 95.93                               |
| Dividend income from current investments                              | 886.45                              | 985.29                              |
| Net gain on sale of investments:                                      |                                     |                                     |
| - Current investments   | 571.45                              | -                                   |
| - Long-term investments   | 1,546.12                            | 1,727.73                            |
| Claims received (net of expenses)                                     | 74.43                               | 109.82                              |
| Provisions no longer required written back                            | 474.76                              | 570.16                              |
| Allowances for doubtful trade receivables and advances written back   | 14.49                               | 86.84                               |
| Adjustments to carrying amount of investment:                         |                                     |                                     |
| - Reversal of reduction in the carrying amount of current investments | 9.46                                | 2.33                                |
| Prior period items (net) ( refer note 44)                             | 104.55                              | -                                   |
| Net gain on sale of fixed assets                                      | 216.44                              | 478.63                              |
| Gain on foreign currency transactions and translations (Net)          | 8,501.42                            | -                                   |
| Miscellaneous   | 1,935.56                            | 1,349.94                            |
| <b>Total</b>  | <b>15,806.76</b>                    | <b>6,458.24</b>                     |

## 25 Cost of materials consumed\*

| Particulars   | (₹ in lac)                             |  |
|---------------|--|--|
|               | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Cotton #      | 2,28,084.72                            | 1,94,855.69                            |
| Manmade fibre | 60,171.74                              | 52,042.07                              |
| Yarn          | 1,286.59                               | 4,257.03                               |
| Fabric        | 82.60                                  | 0.19                                   |
| Others        | 426.15                                 | 83.67                                  |
| <b>Total</b>  | <b>2,90,051.80</b>                     | <b>2,51,238.65</b>                     |

\* Includes Cost of Goods sold

# Cotton consumed is net of insurance claim received on Raw material destroyed in fire of ₹1,997.24 lac (previous year ₹1,021.17 lac).

## 26 Details of purchases of Stock-in-trade:

| Particulars  | (₹ in lac)                             |  |
|--------------|--|--|
|              | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Fabric       | 123.03                                 | 80.68                                  |
| Yarn         | 7,319.36                               | 5,625.05                               |
| Others       | -                                      | 7.55                                   |
| <b>Total</b> | <b>7,442.39</b>                        | <b>5,713.29</b>                        |

## 27 Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars  | (₹ in lac)                             |                  |  |                    |
|--|--|------------------|--|--------------------|
|  | For the year ended<br>31st March, 2015 |                  | For the year ended<br>31st March, 2014 |                    |
| Inventories at the beginning 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          |
| Less: Insurance claim received on work in progress destroyed in fire |  | -                |  | 67.46              |
| Less:  |  | 65,345.45        |  | 42,398.71          |
| Inventories at the end of the year                                   |  |                  |  |                    |
| Work-in-progress   | 11,763.34                              |                  | 14,294.60                              |                    |
| Finished goods   | 40,479.19                              | 52,242.53        | 51,050.85                              | 65,345.45          |
| <b>Total</b>   |  | <b>13,102.92</b> |  | <b>(22,946.74)</b> |
| <b>Details of inventory :</b>  | <b>Qty</b>                             | <b>Amount</b>    | <b>Qty</b>                             | <b>Amount</b>      |
| Work-in-progress :   |  |                  |  |                    |
| Yarn   |  | 7,873.23         |  | 9,705.84           |
| Fabric   |  | 2,034.17         |  | 2,340.58           |
| Processed Fabric   |  | 1,855.94         |  | 2,248.18           |
| <b>Total</b>   |  | <b>11,763.34</b> |  | <b>14,294.60</b>   |
| Finished goods :   |  |                  |  |                    |
| Yarn   | MTs                                    | 12,125           | 15,498                                 | 33,397.76          |
| Fabric   | Mn. Mtrs                               | 15.43            | 14.77                                  | 10,595.73          |
| Processed Fabric   | Mn. Mtrs                               | 6.34             | 7.46                                   | 7,057.36           |
| <b>Total</b>   |  | <b>40,479.19</b> |  | <b>51,050.85</b>   |

## 28 Employee benefits expense

| Particulars                               | (₹ in lac)                             |  |
|---|--|--|
|   | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Salaries and wages                        | 31,092.08                              | 28,855.22                              |
| Contribution to provident and other funds | 3,460.64                               | 2,631.20                               |
| Staff welfare expenses                    | 530.41                                 | 530.26                                 |
| <b>Total</b>                              | <b>35,083.13</b>                       | <b>32,016.68</b>                       |

## 29 Finance costs

| Particulars                            | (₹ in lac)                             |  |
|--|--|--|
|  | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Interest expense (net) (refer note 45) | 11,062.64                              | 14,187.96                              |
| Other borrowing costs                  | 1,090.90                               | 994.79                                 |
| <b>Total</b>                           | <b>12,153.54</b>                       | <b>15,182.75</b>                       |

## 30 Other expenses

| Particulars  | (₹ in lac)                             |  |
|--|--|--|
|  | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Power and fuel   | 60,782.79                              | 54,487.80                              |
| Consumption of stores and spare parts                        | 3,239.35                               | 3,217.18                               |
| Packing materials and charges                                | 7,670.49                               | 6,866.46                               |
| Dyes and Chemical consumed                                   | 19,671.36                              | 17,173.76                              |
| Rent   | 183.29                                 | 152.50                                 |
| Repairs and maintenance to buildings                         | 2,430.74                               | 1,930.00                               |
| Repairs and maintenance to machinery                         | 14,144.25                              | 14,186.66                              |
| Insurance  | 614.35                                 | 625.53                                 |
| Net loss on sale of investments:                             |  |  |
| - Current investments  | -                                      | 54.45                                  |
| Rates and taxes  | 168.93                                 | 135.01                                 |
| Auditors remuneration (including service tax):               |  |  |
| Audit fee  | 31.46                                  | 31.46                                  |
| Tax audit fee  | 7.87                                   | 7.87                                   |
| Reimbursement of expenses                                    | 12.11                                  | 9.99                                   |
| In other capacity  | 1.94                                   | 19.24                                  |
| Bad debts written off  | 40.72                                  | 147.37                                 |
| Loss on foreign currency transactions and translations (Net) | -                                      | 3,451.17                               |
| Forwarding charges and octroi                                | 8,973.46                               | 7,517.42                               |
| Commission to selling agents                                 | 6,062.14                               | 5,139.51                               |
| Prior period items (net) (refer note 44)                     | -                                      | 172.24                                 |
| Rebate and discount  | 1,171.92                               | 1,220.15                               |
| Miscellaneous (refer note-48)                                | 9,157.61                               | 8,488.06                               |
| <b>Total</b>   | <b>1,34,364.78</b>                     | <b>1,25,033.83</b>                     |

**31. Contingent liabilities and Commitments (to the extent not provided for): No outflow is expected in view of past history relating to these items: -**

| (₹ in lac)   |                        |                        |
|--|------------------------|------------------------|
| Particulars  | As at 31st March, 2015 | As at 31st March, 2014 |
| <b>I Contingent Liabilities</b>                        |                        |                        |
| (i) Claims not acknowledged as debts                   | 827.69                 | 790.29                 |
| (ii) Bank Guarantees and Letters of Credit outstanding | 8,781.05               | 6,407.84               |
| (iii) Bills discounted with banks                      | 13,710.55              | 7,884.34               |

## (iv) Other monies for which the company is contingently liable

a) The Company has contested the additional demand in respect of Sales Tax, Excise Duty etc., amounting to ₹1,159.80 lac (Previous Year ₹1,319.07 lac). As against this a sum of ₹113.70 lac (Previous Year ₹102.14 lac) has been deposited under protest and stands included under the head "other recoverables 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.

b) The Company has contested the additional demand in respect of income tax amounting to ₹16,298.27 lac (Previous Year ₹14,681.78 lac). As against this a sum of ₹6,035.72 lac (Previous year ₹ 6,248.56 lac) has been deposited/adjusted under protest and stands included under the head "Advance income tax" in Note-15 "Long term loans and advances". Provision of ₹14,250.47 lac (Previous Year ₹11,695.08 lac) in this respect has not been made as the company has filed various appeals with the appellate authorities and the company is confident to get the the desired relief.

c) 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.

| (₹ in lac)   |                        |                        |
|--|------------------------|------------------------|
| Particulars  | As at 31st March, 2015 | As at 31st March, 2014 |
| <b>II Commitments</b>  |                        |                        |
| (i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) | 12,151.21              | 11,611.40              |
| (ii) Exports obligations under Export Promotion Capital Goods (EPCG) scheme#   | 49,512.28              | Nil                    |

#The Company has executed bonds for an aggregate amount of ₹91,640.51 lac (Previous Year ₹79,013.25 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. Depreciation for the year has been provided on Straight Line Method on the basis of useful lives specified in the Schedule-II of the Companies Act, 2013 as against the amount of depreciation calculated on the basis of rates of depreciation in respect of various assets contained in Schedule XIV to the Companies Act 1956.

In view of this change, carrying amounts of various tangible fixed assets as at 1<sup>st</sup> April, 2014 of ₹4,928.09 lacs (net of deferred tax of ₹1,182.68 lacs) has been recognized in the opening balance of retained earnings, where the useful life of an asset is nil. In other cases, the carrying amounts as at 1<sup>st</sup> April, 2014 have been depreciated over the revised remaining useful life of the asset as per Schedule II. The depreciation for the year is higher to the extent of ₹15,635.13 lacs on account of this change and accordingly the profit for the year is lower by ₹15,635.13 lacs.

**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 15,98,741 (Previous year 15,98,741) equity shares of Vardhman Textiles Limited through a trust, which were received by it in its capacity as a shareholder of Vardhman Holdings Limited, in accordance with the 'Scheme of Arrangement and Demerger'. Further, during the accounting year ended 31<sup>st</sup> 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)               |                        |                        |
|--------------------------|------------------------|------------------------|
|                          | As at 31st March, 2015 | As at 31st March, 2014 |
| Cost of Shares           | 1,785.40               | 1,785.40               |
| Other Recoverable Amount | 2.62                   | 2.17                   |
| <b>Total</b>             | <b>1,788.02</b>        | <b>1,787.57</b>        |

36. The accumulated losses of Vardhman Nisshinbo Garments Company Limited, a subsidiary of the company, as on 31<sup>st</sup> March, 2015 are more than 50% of its net worth. In 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 has been made as in the opinion of the management of the Company, 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.

**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 | 35,911.35        | 65,187.69        |
| <b>Total (A)</b>   | <b>35,911.35</b> | <b>65,187.69</b> |
| Weighted average number of equity shares (No in lac)     | 636.52           | 636.52           |
| <b>Total (B)</b>   | <b>636.52</b>    | <b>636.52</b>    |
| <b>Basic earning per Share (₹) (A)/(B)</b>               | <b>56.42</b>     | <b>102.41</b>    |
| <b>Diluted earning per Share (₹)* (A)/(B)</b>            | <b>56.42</b>     | <b>102.41</b>    |
| 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 31st March, 2015 | As at 31st March, 2014 |
| 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 ₹108.37 lac (Previous Year ₹104.32 lac). The future minimum lease payments in respect of the non-cancellable operating leases are:

| (₹ in lac)   |                        |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2015 | As at 31st March, 2014 |
| a) not later than one year                           | 61.15                  | 60.79                  |
| b) later than one year but not later than five years | 32.56                  | 27.79                  |
| c) later than five years                             | 0.48                   | 0.34                   |

**42. Related Party Disclosure**

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

|  |   |
|--|---|
| 1. Subsidiaries  | VMT Spinning Company Limited<br>Vardhman Acrylics Limited<br>VTL Investments Limited<br>Vardhman Yarns and Threads Limited<br>Vardhman Nisshinbo Garments Company Limited   |
| 2. Associates  | Vardhman Textile Components Limited (upto 30-03-2014)<br>Vardhman Spinning and General Mills Limited<br>Vardhman Special Steels Limited   |
| 3. Key Management Personnel  | Mr. S.P.Oswal<br>Mr. Sachit Jain<br>Mrs. Suchita Jain<br>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<br>Vardhman Apparels Limited<br>Smt. Banarso Devi Oswal Public Charitable Trust<br>Sri Aurobindo Socio Economic and Management Research Institute<br>*Adhiswar Enterprises LLP (formerly known as Adinath Investment and Trading Company)<br>*Devakar Investment and Trading Co. Limited<br>*Srestha Holdings Limited<br>*Santon Finance and Investment Co. Limited<br>*Flamingo Finance and Investment Co. Limited<br>*Ramaniya Finance and Investment Co. Limited<br>*Marshall Investment and Trading Co. (P) Limited<br>*Pardeep Mercantile Co. (P) Limited<br>*Plaza Trading Co. (P) Limited<br>*Anklesh Investment (P) Limited<br>*Syracuse Investment and Trading Co. (P) Limited<br>*Mahavir Spinning Mills (P) Ltd.<br>**Northern Trading Co.<br>**Amber Syndicate<br>**Paras Syndicate<br>**Adinath Syndicate<br>**Eastern Trading Company |

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

\*\*No transaction has taken place during the year.

## 42. Related Party Disclosure

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

| 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 |
|  | (₹ in lac)   | (₹ in lac)    | (₹ in lac)   | (₹ in lac)    | (₹ in lac)                     | (₹ in lac)    | (₹ in lac)   | (₹ in lac)    | (₹ in lac)   | (₹ in lac)    |
| Purchase/processing of goods                   | 38,825.05    | 33,436.68     | -            | 350.05        | -                              | -             | -  | -             | 38,825.05    | 33,786.73     |
| Purchase of DEPB licences                      | -            | 0.70          | 3.15         | -             | -                              | -             | -  | -             | 3.15         | 0.70          |
| Sale/processing of goods                       | 2,993.34     | 2,767.09      | 66.02        | 27.14         | -                              | -             | -  | -             | 3,059.37     | 2,794.23      |
| Sale of DEPB licences                          | -            | 3.25          | 58.57        | 32.33         | -                              | -             | -  | -             | 58.57        | 35.58         |
| Purchase of fixed assets                       | 16.78        | -             | -            | 0.07          | -                              | -             | -  | -             | 16.78        | 0.07          |
| Sale of fixed assets                           | 18.72        | 85.76         | 2.43         | -             | -                              | -             | -  | -             | 21.16        | 85.76         |
| CSR expenditure                                | -            | -             | -            | -             | -                              | 600.00        | 100.00   | -             | 600.00       | 100.00        |
| Rent paid                                      | -            | -             | -            | -             | -                              | 9.61          | 9.61   | -             | 9.61         | 9.61          |
| Reimbursement of expenses paid                 | 1,206.77     | 1,002.69      | -            | -             | -                              | 0.22          | -  | -             | 1,206.99     | 1,002.69      |
| Reimbursement of expenses received             | 1,405.94     | 256.29        | -            | 0.33          | -                              | -             | -  | -             | 1,405.94     | 256.63        |
| Receipt against corporate services agreement * | 469.05       | 454.51        | 99.65        | 91.00         | -                              | -             | -  | -             | 568.70       | 545.51        |
| Payment against licence agreement *            | -            | -             | -            | -             | -                              | -             | 86.91  | 78.11         | 86.91        | 78.11         |
| Interest paid                                  | 310.79       | 881.44        | -            | -             | -                              | -             | 268.05   | 203.73        | 578.84       | 1,085.17      |
| Interest received                              | 100.42       | 150.05        | 286.17       | 150.23        | -                              | -             | -  | -             | 386.59       | 300.28        |
| Rent received                                  | 27.12        | 29.69         | -            | 0.15          | -                              | -             | -  | -             | 27.12        | 29.84         |
| Dividend received                              | 1,295.25     | 1,051.57      | -            | -             | -                              | -             | -  | -             | 1,295.25     | 1,051.57      |
| Dividend paid                                  | 124.74       | 68.04         | -            | -             | -                              | -             | 4,045.18   | 2,200.12      | 4,169.92     | 2,268.16      |
| Managerial remuneration                        | -            | -             | -            | -             | -                              | 1,147.52      | 2,015.69   | -             | 1,147.52     | 2,015.69      |
| Loan given (Including Opening Balance)         | 8,374.90     | 9,533.40      | 66,425.50    | 81,891.00     | -                              | -             | -  | -             | 74,800.40    | 91,424.40     |
| Loan received back                             | 7,456.78     | 8,759.50      | 63,870.93    | 80,544.50     | -                              | -             | -  | -             | 71,327.71    | 89,304.00     |
| Closing balance                                | 918.12       | 773.90        | 2,554.57     | 1,346.50      | -                              | -             | -  | -             | 3,472.69     | 2,120.40      |
| Loan taken (Including Opening Balance)         | 47,744.00    | 1,29,834.46   | -            | -             | -                              | -             | 5,062.58   | 6,909.58      | 52,806.58    | 1,36,744.04   |
| Loan repayment                                 | 47,744.00    | 1,29,834.46   | -            | -             | -                              | -             | 5,062.58   | 5,304.00      | 52,806.58    | 1,35,138.46   |
| Closing balance                                | -            | -             | -            | -             | -                              | -             | -  | 1,605.58      | -            | 1,605.58      |
| Year end balance receivable                    | 442.07       | 319.59        | 0.49         | 0.23          | -                              | -             | 0.22   | 3.90          | 442.78       | 323.71        |
| Year end balance payable                       | 147.10       | 138.02        | -            | -             | -                              | -             | -  | -             | 147.10       | 138.02        |

\*Excluding service tax

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2015

## Other Related parties:-

| Particulars                          | Nature of relationship       | Contribution paid (₹ In lacs) |         |
|--------------------------------------|------------------------------|-------------------------------|---------|
|                                      |                              | 2014-15                       | 2013-14 |
| Mahavir Employee Gratuity Fund Trust | Post-employment benefit plan | 143.69                        | 323.35  |
| Mahavir Superannuation scheme        | Post-employment benefit plan | 71.05                         | 64.13   |

## 43. Disclosure required by Clause 32 of Listing Agreement:

- The Company has given inter corporate deposits aggregating to ₹500 lac (Previous Year ₹ Nil) to M/s Vardhman Acrylics Ltd. during the year. The maximum amount outstanding during the year was ₹500 lac (Previous Year ₹ Nil). The Balance outstanding as on 31.03.15 is ₹ Nil (Previous Year ₹ Nil).
- The Company has given inter corporate deposits aggregating to ₹2,844 lac (Previous Year ₹4,553 lac) to M/s VMT Spinning Company Limited during the year. The maximum amount outstanding during the year was ₹1,098 lac (Previous Year ₹1,519 lac). The Balance outstanding as on 31.03.15 is ₹ Nil (Previous Year ₹ Nil).
- The Company has given inter corporate deposits aggregating to ₹65,079.00 lac (Previous Year ₹81,891 lac) to M/s Vardhman Special Steels Limited. The maximum amount outstanding during the year was ₹6,535.74 lac (Previous Year ₹5,634 lac). The Balance outstanding as on 31.03.15 is ₹2,554.57 lac (Previous Year ₹1,346.50 lac).
- The Company has given inter corporate deposits aggregating to ₹1,636 lac (Previous Year ₹2,113.50 lac) to M/s Vardhman Nisshinbo Garments Company Limited during the year. The maximum amount outstanding during the year was ₹1,187.62 lac (Previous Year ₹1,602.40 lac). The Balance outstanding as on 31.03.15 is ₹918.12 lac (Previous Year ₹773.90 lac).
- The Company has given inter corporate deposits aggregating to ₹2,621.00 lac (Previous Year ₹1,493.50 lac) to M/s Vardhman Yarns and Threads Limited during the year. The maximum amount outstanding during the year was ₹861.00 lac (Previous Year ₹613.50 lac). The Balance outstanding as on 31.03.15 is ₹ Nil (Previous Year ₹ Nil).

## 44. Prior period items are as follows :-

| Particulars                              | (₹ in lac)                          |                                     |
|--|-------------------------------------|-------------------------------------|
|  | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
| Revenue From Operations                  | (47.05)                             | (8.11)                              |
| Other Income                             | (34.69)                             | (33.61)                             |
| Cost of Materials Consumed               | (17.01)                             | 93.11                               |
| Employee Benefits Expense                | 4.25                                | 14.50                               |
| Finance Costs                            | (117.77)                            | (8.42)                              |
| Other Expenses                           | 107.72                              | 114.76                              |
| <b>Net Prior period (Income)/Expense</b> | <b>(104.55)</b>                     | <b>172.24</b>                       |

## 45. Interest expense is net of interest income from :-

| Particulars                 | (₹ in lac)                          |                                     |
|-----------------------------|-------------------------------------|-------------------------------------|
|                             | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
| (i) Related parties         | 436.43                              | 300.28                              |
| (ii) Current investments    | 822.37                              | 359.42                              |
| (iii) Long Term Investments | 221.94                              | 153.80                              |
| (iv) Banks and others       | 1528.71                             | 1342.69                             |

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. In accordance with the provisions of Section 135 of the Companies Act, 2013 the company has contributed a sum of ₹600.00 lac towards an approved CSR activity. The said amount stands debited to the "Miscellaneous" under the head "Other expenses".



**49. Employee Benefits :**

The summarized position of Post-employment benefits and long term employee benefits recognized 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 | 441.50           | 416.52        | 2,772.47          | 2,531.26      |
| Interest cost   | 25.58            | 30.36         | 207.97            | 219.26        |
| Current service cost                                    | 272.77           | 238.78        | 557.81            | 416.80        |
| Benefits Paid   | (235.34)         | (165.84)      | (279.89)          | (243.71)      |
| Actuarial (gain)/ loss on Obligations                   | 10.20            | (78.32)       | 333.37            | (151.14)      |
| Present value obligation as at end of the year #        | 514.71           | 441.50        | 3,591.73          | 2,772.47      |

# includes short term Garranty liability of ₹472.76 lac (Previous year ₹372.60 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 | -                | -             | 2,731.15          | 2,198.62      |
| Expected return on Plan Assets                        | -                | -             | 254.64            | 181.15        |
| Contributions   | -                | -             | 143.69            | 332.64        |
| Withdrawal  | -                | -             | (99.31)           | -             |
| Actuarial gain/ (loss) on Obligations                 | -                | -             | 0.06              | 18.74         |
| Fair value of Plan Assets as at end of the year       | -                | -             | 3,030.23          | 2,731.15      |

**(c) Amount recognized 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           | 514.71           | 441.51        | 3,591.73          | 2,772.47      |
| Fair value of Plan Assets as at end of the year             | -                | -             | 3,030.23          | 2,731.15      |
| Funded Status   | (514.71)         | (441.51)      | (561.50)          | (41.32)       |
| Present value of unfunded obligation as at end of the year  | -                | -             | -                 | -             |
| Unfunded Actuarial (gains)/ losses                          | -                | -             | -                 | -             |
| Unfunded Net Asset/ (Liability) recognised in Balance Sheet | (514.71)         | (441.51)      | (561.50)          | (41.32)       |

**(d) Expenses Recognized in Profit and Loss**

(₹ in lac)

| Particulars   | Leave (Unfunded) |               | Gratuity (Funded) |               |
|---|------------------|---------------|-------------------|---------------|
|   | Current Year     | Previous year | Current Year      | Previous year |
| Current service cost                                  | 272.77           | 238.78        | 557.81            | 416.80        |
| Past Service cost                                     | -                | -             | -                 | -             |
| Interest cost   | 25.58            | 30.36         | 207.97            | 219.26        |
| Expected return on Plan Assets                        | -                | -             | (254.64)          | (181.15)      |
| Curtailement cost                                     | -                | -             | -                 | -             |
| Settlement cost                                       | -                | -             | -                 | -             |
| Net Actuarial (gain)/ loss recognised during the year | 10.20            | (78.32)       | 329.94            | (166.50)      |
| Total Expenses recognised in Profit & Loss Account    | 308.55           | 190.82        | 841.06            | 288.41        |

**(e) Investment details of Fund :**

(₹ in lac)

| Particulars              | Leave (Unfunded) |               | Gratuity (Funded) |               |
|--------------------------|------------------|---------------|-------------------|---------------|
|                          | Current Year     | Previous year | Current Year      | Previous year |
| Central Govt. Securities | -                | -             | 1,898.13          | 295.21        |
| Investment in PSU        | -                | -             | 785.81            | 1,507.67      |
| Other Investments        | -                | -             | 181.78            | 183.89        |
| Bank Balance             | -                | -             | 164.51            | 744.38        |
| Total                    | -                | -             | 3,030.23          | 2,731.15      |

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

(₹ in lac)

| Particulars   | Leave (Unfunded)      |                       | Gratuity (Funded)     |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | Current Year          | Previous year         | Current Year          | Previous year         |
| Discount Rate (per annum)                                     | 7.90%                 | 9.10%                 | 7.90%                 | 9.10%                 |
| Rate of increase in compensation levels (per annum)           | 6.00%                 | 6.50%                 | 6.00%                 | 6.00%                 |
| Rate of return on plan assets (per annum)                     | N.A.                  | N.A.                  | 9.26%                 | 7.66%                 |
| Expected Average remaining working lives of employees (years) | 27.03                 | 27.25                 | 27.03                 | 27.25                 |
| Method Used   | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit |

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

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

(₹ 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 | 93.20            | 79.00         | 80.52                   | 89.56         | 173.02       | 183.27        |
| Liability as at end of the year       | 109.05           | 93.20         | 104.63                  | 80.52         | 192.04       | 173.02        |
| Amount debited to Statement of P&L    | 15.85            | 14.20         | 88.74                   | 98.75         | 215.32       | 201.67        |

(h) During the year, the company has recognized an expense of ₹1708.31 lac (Previous Year ₹1522.45 lac) in respect of Contribution to Provident Fund and ₹75.35 lac (Previous Year ₹71.70 lac) in respect of Contribution to Superannuation Scheme.

50. 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 31<sup>st</sup> March 2015 is as under:

| Particulars  | Current Year     |                                  | Previous Year    |                                  |
|--|------------------|----------------------------------|------------------|----------------------------------|
|  | No. of Contracts | Amount in Foreign Currency (lac) | No. of Contracts | Amount in Foreign Currency (lac) |
| <b>a) Category wise quantitative data</b>  |                  |                                  |                  |                                  |
| Forward contracts against exports (USD)  | 254              | 1,381.26                         | 313              | 1,302.61                         |
| Forward contracts against exports (EURO)   | 23               | 70.80                            | 23               | 81.04                            |
| Put and Call options against exports (USD) *   | 2                | 225.00                           | 2                | 495.00                           |
| Forward contracts against imports (USD)  | 25               | 74.80                            | 12               | 26.97                            |
| Forward contracts against imports (CHF)  | 1                | 29.60                            | -                | -                                |
| Forward contracts against imports (YEN)  | 1                | 66.30                            | -                | -                                |
| Forward contracts against imports (EURO)   | 11               | 65.90                            | 1                | 0.58                             |
| <b>b) Details of foreign currency exposure that has not been hedged by a derivative instrument or otherwise is given below :</b> |                  |                                  |                  |                                  |
| Against Creditors (CHF)  |                  | 0.59                             |                  | 8.67                             |
| Against Creditors (EURO)   |                  | 3.57                             |                  | 31.41                            |
| Against Creditors (JPY)  |                  | 7.38                             |                  | 25.91                            |
| Against Creditors (GBP)  |                  | 0.01                             |                  | -                                |
| Against Creditors (USD)  |                  | 0.39                             |                  | 4.72                             |
| Against Debtors (GBP)  |                  | -                                |                  | 0.20                             |

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

51. The information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per Schedule-III of the Companies Act, 2013 :

**(A) CIF VALUE OF IMPORTS**

| Particulars              | (₹ in lac)   |               |
|--------------------------|--------------|---------------|
|                          | Current Year | Previous Year |
| Raw Materials            | 17,136.47    | 21,576.77     |
| Components & Spare Parts | 6,350.67     | 6,430.87      |
| Capital Goods            | 8,661.85     | 28,762.49     |
| Total                    | 32,148.99    | 56,770.13     |

**(B) EXPENDITURE IN FOREIGN CURRENCY**

| Particulars           | (₹ in lac)   |               |
|-----------------------|--------------|---------------|
|                       | Current Year | Previous Year |
| Travelling            | 92.93        | 79.74         |
| Commission            | 4,070.09     | 3,111.25      |
| Technical Knowhow Fee | 5.94         | 16.85         |
| Miscellaneous         | 247.78       | 193.65        |
| Total                 | 4,416.74     | 3,401.49      |

**(C) EARNING IN FOREIGN CURRENCY**

| Particulars          | (₹ in lac)   |               |
|----------------------|--------------|---------------|
|                      | Current Year | Previous Year |
| FOB Value of Exports | 2,44,248.09  | 2,00,790.69   |
| Total                | 2,44,248.09  | 2,00,790.69   |

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

| Particulars                             | (₹ in lac)         |        |                     |        |
|---|--------------------|--------|---------------------|--------|
|   | Current Year Value | %      | Previous Year Value | %      |
| <b>(I) Raw Materials</b>                |                    |        |                     |        |
| Imported                                | 21,074.31          | 7.29   | 20,990.13           | 8.29   |
| Indigenous                              | 2,68,076.44        | 92.71  | 2,32,224.38         | 91.71  |
| Total                                   | 2,89,150.75        | 100.00 | 2,53,214.51         | 100.00 |
| <b>(II) Components and Spare Parts:</b> |                    |        |                     |        |
| Imported                                | 8,304.65           | 19.56  | 5,486.45            | 14.33  |
| Indigenous                              | 34,155.73          | 80.44  | 32,791.96           | 85.67  |
| Total                                   | 42,460.38          | 100.00 | 38,278.41           | 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  
Chief Financial Officer

Sachit Jain  
Joint Managing Director

S.P. Oswal  
Chairman and  
Managing Director

Place : Ludhiana  
Dated: 8<sup>th</sup> May, 2015

Place : Ludhiana  
Dated : 8<sup>th</sup> May, 2015

# Consolidated Financial Statements

## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**Vardhman Textiles Limited**

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Vardhman Textiles Limited ("the Holding Company") and subsidiaries (hereinafter collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on

Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated 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 financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2015;
- b. In the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## Other Matters

We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of ₹1299.47 crore as at 31st March, 2015, total revenues of ₹1442.41 crore and net cash flows amounting to ₹0.63 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹4.75 crore for the year ended 31st March, 2015, as considered in the Consolidated Financial Statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the holding company, its subsidiaries and associate companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by Section 143(3) of the Act, we report that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- On the basis of the written representations received from the directors of the holding company as on 31st March, 2015 taken on record by the Board of Directors of the holding company and the reports of the statutory auditors of the subsidiary companies and associate companies, none of the directors of the companies is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us as well as based on the report of statutory auditors of subsidiaries and associate companies:
  - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the holding company, subsidiaries and associate companies.
  - As per our report on standalone financial statements of holding company, the holding company has made provision in respect of long term derivative contracts on mark to market basis as required under the applicable law or accounting standards. There are no other long term contracts for which there were any material foreseeable losses in case of holding company, subsidiaries and associate companies.
  - There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund, by the holding Company, subsidiaries and associate companies.

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

(SANJIV MOHAN)

Place: Ludhiana  
Dated: 8th May, 2015

Partner  
M. No. 086066

## Annexure to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of even date)

- In respect of the fixed assets of the holding company, subsidiaries and associate companies:
  - The respective companies have maintained proper records showing full particulars including quantitative details and the situation of fixed assets.
  - According to the information and explanations given to us and other auditors, the management of the respective companies has adopted a phased program of physical verification of the fixed assets which, in our opinion and opinion of other auditors, is reasonable. Discrepancies noticed on such physical verification were not material and have been properly dealt with in the books of account of respective companies.
- In respect of the inventories of the holding company, subsidiaries and associate companies:
  - The physical verification has been carried out by the Management of the respective companies in respect of inventory at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
  - Based on information and explanations given to us and other auditors and the records produced to us and other auditors, procedures of physical verification of inventory followed by the management of the respective companies during the year are reasonable and adequate in relation to the size of the respective companies and the nature of their business.
  - The respective companies are maintaining proper records of inventory. As per the information given to us and other auditors, the discrepancies noticed on physical verification of Inventories as compared to book records were not material and have been properly dealt with in the books of account of respective companies.
- The holding company, subsidiaries and associate companies have not granted any secured or unsecured loans to the parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the provisions of clauses iii(a) and iii(b) of the order are not applicable.
- In our opinion and opinion of other auditors and according to the information and explanations given to us and other auditors, there are adequate internal control systems commensurate with the size of the holding company, subsidiaries and associate companies and the nature of their business for the purchase of inventory and

fixed assets and for sale of goods and services. During the course of our audit and other auditors' audit, we and other auditors have not observed any continuing failure to correct major weaknesses in internal control systems.

- According to the information and explanations given to us and other auditors, the holding company, subsidiaries and associate companies have not accepted deposits from public during the year covered under the provisions of section 73 or 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules 2014. According to the information and explanation given to us, no order under its aforesaid sections has been passed by the Company Law Board or the Reserve Bank of India or any Court or any other Tribunal on the Company.
- We and other auditors have broadly reviewed the cost records maintained by the respective companies pursuant to the sub-section (1) of section 148 of the Companies Act, specified by the Central Government and are of the opinion that, prima facie, such accounts and records have been made and maintained. Neither we nor other auditors have, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- According to the information and explanations given to us and other auditors and records of the holding company, subsidiaries and associate companies examined by us and other auditors:
  - The respective companies have been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts in respect of statutory dues payable were outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
  - the disputed statutory dues that have not been deposited on account of matters pending before the appellate authorities in respect of sales tax, duty of custom, service tax, duty of excise, value added tax and income tax etc. by the holding company, subsidiaries and associate companies (to the extent of share of holding company in associate companies) are given below:

| Nature of Dues/Name of Statute      | Amount (in Lacs) | Financial Year to which it relates | Forum where dispute is pending  |
|-------------------------------------|------------------|------------------------------------|---|
| Central Excise Act, 1944            | 0.17             | 2002-03                            | Assistant Commissioner Central Excise, Ludhiana                                 |
| Central Excise Act, 1944            | 3.55             | 2005-06                            | CESTAT, Delhi   |
| Central Excise Act, 1944            | 1.02             | 2009-10                            | Commissioner (Appeals), Bhopal  |
| Central Excise Act, 1944            | 18.67            | 2009-10                            | CESTAT, Delhi   |
| Central Excise Act, 1944            | 216.06           | 2009-10                            | CESTAT, Delhi   |
| Central Excise Act, 1944            | 1.68             | 2005-06                            | Commissioner (Appeals), Chandigarh  |
| Central Excise Act, 1944            | 25.88            | 2005-06                            | Hon'ble Supreme Court, New Delhi.   |
| Central Excise Act, 1944            | 13.18            | 2006-07                            | CESTAT, Delhi   |
| Central Excise Act, 1944            | 13.51            | 2007-08                            | Additional Commissioner( P & V), Chandigarh                                     |
| Central Excise Act, 1944            | 4.26             | 2008-09                            | Hon'ble Supreme Court, New Delhi.   |
| Central Excise Act, 1944            | 4.88             | 2008-09                            | Commissioner ( Appeals ), Jalandhar   |
| Central Excise Act, 1944            | 112.00           | 2011-12                            | CESTAT, Delhi   |
| Central Excise Act, 1944            | 0.52             | 2011-12                            | Commissioner (Appeals), Bhopal  |
| Central Excise Act, 1944            | 449.64           | 2011-12                            | CESTAT, Delhi   |
| Central Excise Act, 1944            | 4.80             | 2006-07                            | CESTAT, Delhi   |
| Central Excise Act, 1944            | 64.72            | Jan 2008 to March 2011             | CESTAT, Delhi   |
| Central Excise Act, 1944            | 34.59            | 2013-14                            | CESTAT, Delhi   |
| Central Sales Tax Act,1956          | 6.19             | 2009-10                            | Deputy Excise & Taxation Commissioner (Appeal), Jalandhar                       |
| Commercial Tax Act, 1994            | 0.52             | 2001-02                            | Assistant Commissioner Commercial Tax, Bhopal                                   |
| Entry tax Act, 1976                 | 1.81             | 2000-01                            | Assistant Commissioner Commercial Tax, Bhopal                                   |
| Entry tax Act, 1976                 | 8.10             | 2003-04                            | Additional Commissioner Commercial Tax, Bhopal                                  |
| Central Sales Tax Act,1956          | 1.80             | 2005-06                            | Deputy Commissioner of Sales Tax, Mumbai  |
| MP VAT Act,2002                     | 30.87            | 2006-07                            | Appellate Board Commercial Tax, Bhopal  |
| MP VAT Act,2002                     | 5.26             | 2010-11                            | Appellate Board Commercial Tax, Bhopal  |
| MP VAT Act,2002                     | 6.68             | 2011-12                            | Additional Commissioner (Appeals) Commercial Tax, Bhopal                        |
| MP VAT Act,2002                     | 3.70             | 2012-13                            | Additional Commissioner (Appeals) Commercial Tax, Bhopal                        |
| Punjab VAT Act, 2005                | 0.83             | 2002-03                            | Joint Director Enforcement, Patiala   |
| The Finance Act, 1994               | 11.22            | 2005-06                            | Joint Secretary Revenue Department, Ministry of Finance, Delhi                  |
| Income Tax Act,1961                 | 193.22           | 2009-10                            | Income Tax Appellant Tribunal   |
| Income Tax Act,1961                 | 10,065.51        | 2010-11 and 2011-12                | Commissioner of Income Tax (Appeals)  |
| Central Excise Act , 1944           | 1.17             | 2006-10                            | CESTAT, Ahmedabad   |
| Income Tax Act, 1961                | 186.13           | 2006-07                            | CIT(Appeals)  |
| Income Tax Act, 1961                | 274.68           | 2009-10                            | CIT(Appeals)  |
| Income Tax Act, 1961                | 132.00           | 2010-11                            | CIT(Appeals)  |
| The Gujarat Vat Tax Act, 2003       | 178.16           | 2009-10                            | Joint Commissioner of Commercial Tax Appeals, Vadodara                          |
| The Gujarat Vat Tax Act, 2003       | 112.54           | 2008-09                            | GVAT Tax Tribunal Ahmedabad   |
| The Gujarat Vat Tax Act, 2003       | 27.74            | 2007-08                            | Joint Commissioner of Commercial Tax Appeals, Vadodara                          |
| Entry tax Act, 1976                 | 29.15            | 2010-11 to 2014-15                 | High Court, Himachal Pradesh  |
| The Central Excise Act, 1944        | 90.01            | 2005-06                            | CESTAT, New Delhi   |
| Kerala VAT Act, 2003                | 1.37             | 2011-12                            | Commercial Tax Inspector, Walaya  |
| Bihar Value Added Tax Act, 2005     | 1.70             | 2013-14                            | Deputy Commissioner of Commercial taxes, Karmnasha, Kaimur                      |
| Jharkhand Value Added Tax Act, 2005 | 22.77            | 2010-11                            | Deputy Commissioner of Commercial taxes, Jharkhand, Ranchi                      |
| The Income Tax Act, 1961            | 102.32           | 2008-09                            | Income Tax Appellant Tribunal, Chandigarh                                       |
| The Income Tax Act, 1961            | 286.74           | 2009-10                            | Income Tax Appellant Tribunal, Chandigarh                                       |
| The Income Tax Act, 1961            | 78.94            | 2010-11                            | Commissioner of Income Tax (Appeals)  |
| The Income Tax Act, 1961            | 47.22            | 2011-12                            | Commissioner of Income Tax (Appeals)  |
| Entry tax Act, 1976                 | 1,062.22         | 2011-12 to 2013-14                 | Punjab & Haryana High Court, Chandigarh and Himachal Pradesh High Court, Shimla |

| Nature of Dues/Name of Statute | Amount (in Lacs) | Financial Year to which it relates | Forum where dispute is pending                       |
|--------------------------------|------------------|------------------------------------|--|
| Income Tax Act,1961            | 0.61             | 2011-2012                          | Assistant Commissioner of Income Tax, CPC, Bangalore |
| Income Tax Act,1961            | 8.78             | 2003-04, 2007-08 and 2009-10       | Commissioner of Income Tax (Appeals)                 |
| Punjab VAT Act, 2005           | 0.59             | 2004-05                            | Joint Director Enforcement, Patiala                  |
| Punjab VAT Act, 2005           | 0.57             | 2004-05                            | Joint Director Enforcement, Patiala                  |
| Punjab VAT Act, 2005           | 1.87             | 2013-14                            | AETC Mobile Wing, Patiala                            |
| Central Excise Act, 1944       | 2.58             | 1994-95                            | Chief Commissioner Excise, Chandigarh                |
| Central Excise Act, 1944       | 0.28             | 1984-85 to 1987-88                 | CESTAT   |
| Central Excise Act, 1944       | 0.09             | 2013-14                            | Assistant Commissioner, Ludhiana                     |
| Central Excise Act, 1944       | 0.31             | 2012-13                            | Assistant Commissioner, Ludhiana                     |
| Central Excise Act, 1944       | 14.18            | 1996-97 to 1999-2000               | Commissioner (Appeals), Chandigarh                   |
| Central Excise Act, 1944       | 0.83             | 2004-05                            | Commissioner (Appeals), Chandigarh                   |
| Central Excise Act, 1944       | 0.10             | 2012-13                            | Assistant Commissioner, Ludhiana                     |
| Central Excise Act, 1944       | 0.50             | 2013-14                            | Assistant Commissioner, Ludhiana                     |
| Central Excise Act, 1944       | 0.11             | 2010-11                            | Assistant Commissioner, Ludhiana                     |
| Central Excise Act, 1944       | 0.03             | 2011-12                            | Assistant Commissioner, Ludhiana                     |
| Entry tax Act, 1976            | 266.81           | 2011-12 to 2013-14                 | Punjab and Haryana High Court                        |

(c) the amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under has been transferred to such fund within time.

(viii) The companies do not have accumulated losses except one subsidiary company. Further the companies have not incurred cash losses during the financial year covered by audit however; one subsidiary and one associate company have incurred cash losses in the immediately preceding financial year.

(ix) In our opinion and opinion of other auditors and according to the information and explanations given to us and other auditors, the holding company, subsidiaries and associate companies have not defaulted in repayment of dues to any financial institutions or banks. The holding company, subsidiaries and associate companies have not issued any debentures during the year under audit or in the preceding years.

(x) In accordance with the information and explanations given to us and other auditors, the holding company, subsidiaries and associate companies have not given any guarantee for loans taken by others from banks or financial institutions.

(xi) In our opinion and opinion of other auditors and according to the information and explanations given to us and other auditors, the term loans taken during the year by the holding company, subsidiaries and associate companies

have been applied for the purpose for which they were raised.

(xii) We have been informed that some of the employees of the holding company along with the outsiders had misappropriated raw material of the holding company at its unit at Budhni, Madhya Pradesh involving an amount of approximately ₹7.67 crores. The incident was reported to Police authorities at Budhni and accordingly FIR was registered by them. The Police have filed a charge sheet in the court against the concerned employees as well as other persons involved in the crime and court proceedings in the matter are in progress. The holding company has also filed a fidelity insurance claim in this matter.

Further, on the basis of information and explanation given to us and other auditors, no other fraud on or by the holding company, subsidiaries and associate companies has been noticed or reported during the course of audit.

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

(SANJIV MOHAN)

Place: Ludhiana  
Dated: 8th May, 2015

Partner  
M. No. 086066

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2015**

(₹ in lac)

| Particulars   | Note no. | As at 31st March, 2015 | As at 31st March, 2014 |
|---|----------|------------------------|------------------------|
| <b>I EQUITY AND LIABILITIES</b>                                 |          |                        |                        |
| <b>(1) Shareholders' funds</b>                                  |          |                        |                        |
| (a) Share capital   | 3        | 6,251.79               | 6,251.79               |
| (b) Reserves and surplus  | 4        | 3,31,276.62            | 3,06,950.29            |
|   |          | <b>3,37,528.41</b>     | <b>3,13,202.08</b>     |
| <b>(2) Minority Interest</b>                                    |          |                        |                        |
| (a) Share capital   |          | 6,410.81               | 6,487.65               |
| (b) Reserves and surplus  |          | 37,691.14              | 33,146.67              |
|   |          | <b>44,101.95</b>       | <b>39,634.32</b>       |
| <b>(3) Non-current liabilities</b>                              |          |                        |                        |
| (a) Long-term borrowings  | 5        | 1,41,832.43            | 2,05,516.02            |
| (b) Deferred tax liabilities (net)                              | 6        | 22,324.88              | 29,240.39              |
| (c) Other long term liabilities                                 | 7        | 1,464.45               | 1,254.57               |
| (d) Long-term provisions  | 8        | 943.82                 | 776.24                 |
|   |          | <b>1,66,565.58</b>     | <b>2,36,787.22</b>     |
| <b>(4) Current liabilities</b>                                  |          |                        |                        |
| (a) Short-term borrowings                                       | 9        | 47,366.46              | 84,073.15              |
| (b) Trade payables  | 10       | 22,089.29              | 16,065.82              |
| (c) Other current liabilities                                   | 11       | 1,08,890.11            | 87,041.39              |
| (d) Short-term provisions                                       | 12       | 11,301.52              | 9,672.24               |
|   |          | <b>1,89,647.38</b>     | <b>1,96,852.60</b>     |
| <b>TOTAL</b>  |          | <b>7,37,843.32</b>     | <b>7,86,476.22</b>     |
| <b>II ASSETS</b>  |          |                        |                        |
| <b>(1) Non-current assets</b>                                   |          |                        |                        |
| (a) Fixed assets  | 13       |                        |                        |
| (i) Tangible assets   |          | 2,84,024.31            | 3,11,486.52            |
| (ii) Intangible assets  |          | 2,249.27               | 2,571.94               |
| (iii) Capital work-in-progress                                  |          | 8,323.52               | 9,439.80               |
|   |          | <b>2,94,597.10</b>     | <b>3,23,498.26</b>     |
| (b) Goodwill on Consolidation                                   |          | 1,259.18               | 1,325.87               |
| (c) Non-current investments                                     | 14       | 45,679.33              | 37,142.84              |
| (d) Long-term loans and advances                                | 15       | 7,799.02               | 8,743.47               |
| (e) Other non-current assets                                    | 16       | 12,403.57              | 3,029.00               |
|   |          | <b>3,61,738.20</b>     | <b>3,73,739.44</b>     |
| <b>(2) Current assets</b>                                       |          |                        |                        |
| (a) Current investments   | 17       | 41,182.48              | 41,212.45              |
| (b) Inventories   | 18       | 1,91,575.33            | 2,19,242.45            |
| (c) Trade receivables   | 19       | 80,951.19              | 86,784.74              |
| (d) Cash and bank balances                                      | 20       | 20,275.66              | 8,074.95               |
| (e) Short-term loans and advances                               | 21       | 40,017.99              | 55,201.72              |
| (f) Other current assets  | 22       | 2,102.47               | 2,220.47               |
|   |          | <b>3,76,105.12</b>     | <b>4,12,736.78</b>     |
| <b>TOTAL</b>  |          | <b>7,37,843.32</b>     | <b>7,86,476.22</b>     |
| 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  
Chief Financial Officer

Sachit Jain  
Joint Managing Director

S.P. Oswal  
Chairman and  
Managing Director

Place : Ludhiana  
Dated: 8<sup>th</sup> May, 2015

Place :Ludhiana  
Dated : 8<sup>th</sup> May, 2015

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

(₹ in lac)

| Particulars   | Note no. | For the year ended<br>31st March 2015 | For the year ended<br>31st March, 2014 |
|---|----------|---------------------------------------|--|
| (i) Revenue from operations (gross)   | 23       | 6,82,918.85                           | 6,20,797.08                            |
| Less : Excise duty  |          | 4,322.84                              | 4,153.89                               |
| Revenue from operations (net)   |          | 6,78,596.01                           | 6,16,643.19                            |
| (ii) Other income   | 24       | 16,623.88                             | 7,391.67                               |
| (iii) Income From Associates  |          | -                                     | -                                      |
| <b>(iv) Total revenue (i) + (ii) + (iii)</b>  |          | <b>6,95,219.89</b>                    | <b>6,24,034.86</b>                     |
| <b>(v) Expenses :</b>   |          |                                       |  |
| Cost of materials consumed  | 25       | 3,34,555.91                           | 2,93,093.11                            |
| Purchases of stock-in-trade   | 26       | 440.14                                | 368.78                                 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade         | 27       | 14,035.16                             | (23,176.01)                            |
| Employee benefits expense   | 28       | 44,837.38                             | 40,883.98                              |
| Finance costs   | 29       | 12,487.27                             | 15,112.07                              |
| Depreciation and amortization   | 13       | 53,221.01                             | 33,547.93                              |
| Other expenses  | 30       | 1,72,950.78                           | 1,59,147.96                            |
| Loss From Associates  |          | 475.01                                | 295.71                                 |
| <b>Total Expenses</b>   |          | <b>6,33,002.66</b>                    | <b>5,19,273.53</b>                     |
| <b>(vi) Profit before tax (iv) - (v)</b>  |          | <b>62,217.23</b>                      | <b>1,04,761.33</b>                     |
| <b>(vii) Less: Tax expense :</b>  |          |                                       |  |
| - Current Tax   |          | 23,244.98                             | 24,488.96                              |
| - Deferred tax  |          | (5,593.12)                            | 3,719.68                               |
| - Tax adjustments of earlier years  |          | -                                     | 1.18                                   |
|   |          | 17,651.86                             | 28,209.82                              |
| <b>(viii) Profit for the period after tax but before Minority Interest (vi)-(vii)</b> |          | <b>44,565.37</b>                      | <b>76,551.51</b>                       |
| <b>(ix) Less : Minority Interest</b>  |          | <b>4,544.47</b>                       | <b>4,716.95</b>                        |
| <b>(x) Profit for the period after tax and Minority Interest (viii)-(ix)</b>          |          | <b>40,020.90</b>                      | <b>71,834.56</b>                       |
| <b>Earnings per equity share ( of H10/- each )</b>                                    |          |                                       |  |
| <b>Basic</b>  |          | <b>64.02</b>                          | <b>114.90</b>                          |
| <b>Diluted</b>  |          | <b>64.02</b>                          | <b>114.90</b>                          |
| 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  
Chief Financial Officer

Sachit Jain  
Joint Managing Director

S.P. Oswal  
Chairman and  
Managing Director

Place : Ludhiana  
Dated: 8<sup>th</sup> May, 2015

Place :Ludhiana  
Dated : 8<sup>th</sup> May, 2015

**CASH FLOW STATEMENT** FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in lac)

| Particulars  | For the year ended<br>31st March 2015 | For the year ended<br>31st March, 2014 |
|--|---------------------------------------|--|
| <b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>                                       |                                       |  |
| Net Profit before Extraordinary items and tax                                      | 62,217.23                             | 1,04,761.33                            |
| Adjustments for :  |                                       |  |
| Depreciation and Amortisation  | 53,221.01                             | 33,547.93                              |
| Interest expense   | 14,752.33                             | 16,496.64                              |
| (Income) / Loss from Associates  | 475.01                                | 295.71                                 |
| Interest income  | (3,482.57)                            | (2,506.80)                             |
| Dividend income  | (1,737.01)                            | (1,551.20)                             |
| (Profit)/Loss on sale of Assets (Net)  | (464.03)                              | (673.51)                               |
| (Profit)/Loss on sale of Investments (Net)   | (3,422.71)                            | (3,229.49)                             |
| Provision no longer required written Back(Net)                                     | (730.43)                              | (717.28)                               |
| Sundry balance written back  | (167.76)                              | (15.68)                                |
| Excess income written off  | 149.48                                | 141.26                                 |
| Fixed assets written off   | 135.87                                | 110.50                                 |
| Provision for diminution in value of Investments provided/ (written back) (net)    | (52.34)                               | 44.76                                  |
| Provision for Doubtful Debts   | 0.21                                  | -                                      |
| Allowances for doubtful trade receivables and advances written back                | -                                     | (86.84)                                |
| 'Bad debts written off   | 113.84                                | 212.47                                 |
|  | 58,790.90                             | 42,068.46                              |
| Changes in Working capital   | 1,21,008.13                           | 1,46,829.80                            |
| Adjustments for :  |                                       |  |
| (Increase)/Decrease in Trade and other Receivables                                 | 12,368.21                             | (13,500.95)                            |
| (Increase)/Decrease in Inventories   | 27,667.12                             | (40,842.81)                            |
| Increase/(Decrease) in Trade Payables and other Liabilities                        | 2,651.35                              | 14,396.22                              |
|  | 42,686.68                             | (39,947.54)                            |
| Cash generated from Operations   | 1,63,694.82                           | 1,06,882.26                            |
| Net income tax paid  | (22,465.07)                           | (23,494.59)                            |
| <b>Net cash flow from/ (used in) operating activities</b>                          | <b>1,41,229.75</b>                    | <b>83,387.67</b>                       |
| <b>B.CASH FLOW FROM INVESTING ACTIVITIES</b>                                       |                                       |  |
| Purchase of fixed assets and capital work in progress (including capital advances) | (31,275.54)                           | (65,815.66)                            |
| Proceeds from sale of Fixed Assets   | 769.34                                | 787.19                                 |
| Purchase of Investments  | (45,642.18)                           | (58,210.93)                            |
| Sale of Investments  | 40,112.10                             | 40,810.95                              |
| Interest Received  | 2,776.09                              | 2,925.76                               |
| Dividend Received  | 1,737.01                              | 1,551.20                               |
| <b>Net Cash used in investing activities</b>                                       | <b>(31,523.18)</b>                    | <b>(77,951.49)</b>                     |

**CASH FLOW STATEMENT** FOR THE YEAR ENDED 31ST MARCH, 2015 (contd.)

(₹ in lac)

| Particulars  | For the year ended<br>31st March 2015 | For the year ended<br>31st March, 2014 |
|--|---------------------------------------|--|
| <b>C.CASH FLOW FROM FINANCING ACTIVITIES</b>                           |                                       |  |
| Purchase of shares of Subsidiary by Holding Company                    | (202.64)                              | (1,704.86)                             |
| Proceeds/ (Repayments) of Long Term Borrowings (Net)                   | (36,551.86)                           | 13,633.46                              |
| Proceeds/ (Repayments) of Short Term Borrowings (Net)                  | (36,706.69)                           | 6,272.16                               |
| Dividend Paid (including taxes)  | (9,255.15)                            | (5,403.95)                             |
| Interest Paid  | (14,789.53)                           | (16,656.08)                            |
| <b>Net Cash from/(used) in Financing Activities</b>                    | <b>(97,505.87)</b>                    | <b>(3,859.27)</b>                      |
| <b>Net Increase in cash and cash equivalents</b>                       | <b>12,200.71</b>                      | <b>1,576.91</b>                        |
| Cash and cash equivalents at the beginning of the year                 | 8,074.95                              | 6,498.04                               |
| Cash and cash equivalents at the end of the year                       | 20,275.66                             | 8,074.95                               |
| Bank balances not considered as cash and cash equivalents              | 12,025.57                             | 2,576.35                               |
| See accompanying notes forming part of the financial statements (1-44) |                                       |  |

As per our report of even date

For S. C. Vasudeva &amp; Co.,

Chartered Accountants

Firm Regn. No.: 000235N

For and on behalf of the Board of Directors

(Sanjiv Mohan)

Partner

M. No. 086066

Place : Ludhiana

 Dated: 8<sup>th</sup> May, 2015

Karan Kamal Walia

Company Secretary

Rajeev Thapar

Chief Financial Officer

Sachit Jain

Joint Managing Director

S.P. Oswal

Chairman and

Managing Director

Place :Ludhiana

 Dated : 8<sup>th</sup> May, 2015

**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 prescribed under section 129 of Companies Act, 2013 read with rule 7 of The Companies (Accounts) rules, 2014.

**(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 recognized in the period in which the results materialise.

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

Revenue from sale of goods is recognized:

- 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
- 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 recognized on post export basis.

**(iii) Interest**

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

**(iv) Dividend**

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

**(v) Insurance and Other Claims**

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

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

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the 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 recognized 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 recognize the obligation on a net basis.

**(iii) Actuarial gain or loss is recognized immediately in the statement of profit or loss.****(iv) Long Term Employee Benefits**

The liability for leave encashment and other compensated absences is recognized 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 amortization.

**(g) Depreciation:**

- Depreciation on tangible fixed assets is provided on Straight Line Method on the basis of useful lives of such assets specified in Schedule II to the Companies Act, 2013.

However, in case of one subsidiary (Vardhman Yarns & Threads Limited), the management has reassessed and revised wherever necessary the useful lives of the assets. Depreciation on fixed assets of the said subsidiary is provided on straight line method as per the revised useful lives estimated by the independent Chartered Engineer, as engaged by the management.

Revised useful lives of assets in the said subsidiary are as below:

| Block of asset                            | Revised Useful life as per the management (in years) |
|---|--|
| Buildings (including temporary structure) | 1 – 58   |
| Plant and machinery                       | 1 – 20   |
| Furniture and fixture                     | 15   |
| Office equipment                          | 1 – 20   |
| Vehicles                                  | 10   |

The estimated useful lives of assets, as certified by the Chartered Engineer, have been derived based on factors, inter-alia, an inspection of the assets, benchmarking of useful lives within similar industry as that of the Company, number of shifts operated by the Company, history usage of the assets, maintenance activity carried out by the Company as per their plans, running condition of the assets, etc. Hence the useful lives in respect of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

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

**(h) Amortization**

- Intangible assets are amortized on straight line method. These assets are amortized 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 cost depending upon the stage of completion.
- In case of finished goods at raw material cost plus conversion costs, packing cost, excise duty (if applicable) and other overheads incurred to bring the goods to their present location and condition.

**(k) Cenvat Credit:**

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

**(l) Subsidy:**

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

**(m) Borrowing Costs:**

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

**(n) Operating Leases :**

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

**(o) Foreign Currency Conversion:**

- (i) Foreign currency transactions are recorded on initial recognition 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.
- (ii) Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognised as income or expense in the period in which they arise.
- (iii) The premium or discount arising at the inception of forward exchange contracts is amortised as an expenses or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the reporting period in which the exchange rate changes. Profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense in period in which such profit or loss arises.
- (iv) The exchange difference to the extent of loss, arising on forward contracts 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-instituted 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.

**(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 prepared in accordance with the Accounting Standard (AS) – 3 on "Cash flow statements" issued by the Companies (Accounting Standard) Rules, 2006.

**(t) Provisions and Contingent Liabilities**

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

## 3 Share capital

| Particulars   | As at 31st March, 2015 |           | As at 31st March, 2014 |           |
|---|------------------------|-----------|------------------------|-----------|
|   | 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 | 100.00                 | 1,000.00  | 100.00                 | 1,000.00  |
|   | 1,000.00               | 10,000.00 | 1,000.00               | 10,000.00 |
| Issued, subscribed and fully Paid-up                  |                        |           |                        |           |
| Equity Shares of ₹10/- each (Par Value)               | 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 31st March, 2015 |          | As at 31st March, 2014 |          |
|--|------------------------|----------|------------------------|----------|
|  | 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 /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 31st March 2015 | Aggregate number of shares as at 31st March, 2014 |
|---|--|---|
| 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 31st March, 2015 |                | As at 31st March, 2014 |                |
|---|------------------------|----------------|------------------------|----------------|
|   | 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           |
| Adishwar Enterprises LLP (Formerly known as Adinath Investment and Trading Company) | 129.48                 | 20.34          | 128.42                 | 20.18          |
| Vardhman Holdings Ltd.  | 154.03                 | 24.20          | 154.03                 | 24.20          |
| IDFC Premier Equity Fund  | 39.52                  | 6.21           | 36.55                  | 5.74           |

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

## 4 Reserves and surplus

| Particulars   | As at 31st March, 2015 |             | As at 31st March, 2014 |             |
|---|------------------------|-------------|------------------------|-------------|
|   |                        |             |                        |             |
| <b>Capital Reserve*</b>   |                        |             |                        |             |
| Balance as per the last financial statements  | 345.00                 |             | 345.00                 |             |
| Add: Received during the year   | -                      | 345.00      | -                      | 345.00      |
| <b>Capital Redemption Reserve</b>   |                        |             |                        |             |
| Balance as per the last financial statements  | 2,152.47               |             | 1,990.62               |             |
| Add: Transferred from surplus in statement of profit and loss                           | -                      | 2,152.47    | 161.85                 | 2,152.47    |
| <b>Securities Premium Account</b>   |                        |             |                        |             |
| Balance as per the last financial statements  |                        | 20,990.54   |                        | 20,990.54   |
| <b>Statutory Reserve u/s 45-IC of RBI Act, 1934</b>                                     |                        |             |                        |             |
| Balance as per the last financial statements  | 234.70                 | -           | 191.70                 | -           |
| Add: Amount transferred for current year from surplus in statement of profit and loss   | 61.50                  | 296.20      | 43.00                  | 234.70      |
| <b>General Reserve</b>  |                        |             |                        |             |
| Balance as per the last financial statements  | 1,63,483.97            |             | 1,56,033.97            |             |
| Add: Transferred from surplus in statement of profit and loss                           | 38,000.00              | 2,01,483.97 | 7,450.00               | 1,63,483.97 |
| <b>Surplus i.e. balance in the Statement of Profit and Loss</b>                         |                        |             |                        |             |
| Balance as per the last financial statements  | 1,19,743.61            |             | 64,844.50              |             |
| Add: Corporate Dividend Tax Written Back  | 220.13                 |             | 178.71                 |             |
| Add: Profit for the year transferred from Statement of Profit and Loss                  | 40,020.90              |             | 71,834.56              |             |
| Less: Transferred pursuant to cessation of associate relationship                       | 23.58                  |             | -                      |             |
| Less: Capital reserve arising on account of acquisition of shares in subsidiary company | 192.50                 |             |                        |             |
| Less: Premium on buy back of shares   | -                      |             | 41.08                  |             |
| Less: Transfer to capital redemption reserve (refer note- 34)                           | -                      |             | 161.85                 |             |
| Less: Depreciation charged to reserves as per schedule-II of Companies Act, 2013        | 6,514.49               |             | -                      |             |
| Add: Deferred tax on Depreciation charged   | 1,322.40               |             | -                      |             |
| Less: Appropriations  |                        |             |                        |             |
| Proposed equity dividend  | 8,220.98               |             | 7,836.43               |             |
| Tax on dividend   | 2,285.55               |             | 1,581.80               |             |
| -Amount transferred to Statutory Reserve u/s 45-IC of RBI Act, 1934                     | 61.50                  |             | 43.00                  |             |
| Transferred to General Reserve  | 38,000.00              |             | 7,450.00               |             |
| <b>Closing Balance</b>  |                        | 1,06,008.44 |                        | 1,19,743.61 |
| <b>Total</b>  |                        | 3,31,276.62 |                        | 3,06,950.29 |

\* 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

| Particulars   | (₹ in lac)             |                        |
|---|------------------------|------------------------|
|   | As at 31st March, 2015 | As at 31st March, 2014 |
| Secured :   |                        |                        |
| From banks  | 2,16,649.05            | 2,53,200.91            |
| Less: Current maturities of long term debts (refer note-11) | 74,816.62              | 47,684.89              |
| <b>Total</b>  | <b>1,41,832.43</b>     | <b>2,05,516.02</b>     |

## 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) Terms of repayment of term loans\*

| ₹ in Lacs                     |                               | Repayment Period     |                       | Installments outstanding |                     | Periodicity of repayment |               |
|-------------------------------|-------------------------------|----------------------|-----------------------|--------------------------|---------------------|--------------------------|---------------|
| Balance As at 31st March 2015 | Balance As at 31st March 2014 | Current Year (Years) | Previous Year (Years) | Current Year (No.)       | Previous Year (No.) | Current Year             | Previous Year |
| 16,275.00                     | 19,200.00                     | 5.00                 | 5.00                  | 12                       | 16                  | Quarterly                | Quarterly     |
| 29,000.00                     | 32,525.00                     | 5.00                 | 5.00                  | 13                       | 17                  | Quarterly                | Quarterly     |
| 2,675.79                      | 2,762.67                      | 5.00                 | 5.00                  | 13                       | 20                  | Quarterly                | Quarterly     |
| 9,232.00                      | 10,206.00                     | 5.00                 | 5.00                  | 14                       | 18                  | Quarterly                | Quarterly     |
| 7,345.00                      | 7,291.00                      | 5.00                 | 5.00                  | 15                       | 19                  | Quarterly                | Quarterly     |
| 1,196.00                      | 1,236.00                      | 5.00                 | 5.00                  | 16                       | 20                  | Quarterly                | Quarterly     |
| 15,400.00                     | 15,200.00                     | 5.00                 | 5.00                  | 17                       | 20                  | Quarterly                | Quarterly     |
| 8,037.00                      | -                             | 5.00                 | -                     | 20                       | -                   | Quarterly                | -             |
| 454.75                        | 996.13                        | 7.75                 | 7.75                  | 3                        | 7                   | Quarterly                | Quarterly     |
| 1,987.66                      | 9,838.18                      | 8.00                 | 8.00                  | 1                        | 5                   | Quarterly                | Quarterly     |
| 112.50                        | 1,462.50                      | 8.00                 | 8.00                  | 1                        | 13                  | Monthly                  | Monthly       |
| 1,839.05                      | 3,846.57                      | 8.00                 | 8.00                  | 3                        | 7                   | Quarterly                | Quarterly     |
| 4,925.00                      | 9,845.00                      | 8.00                 | 8.00                  | 4                        | 8                   | Quarterly                | Quarterly     |
| 40,993.98                     | 53,665.32                     | 8.00                 | 8.00                  | 5                        | 9                   | Quarterly                | Quarterly     |
| 10,142.32                     | 12,459.55                     | 8.00                 | 8.00                  | 6                        | 10                  | Quarterly                | Quarterly     |
| 9,625.00                      | 12,645.00                     | 8.00                 | 8.00                  | 7                        | 11                  | Quarterly                | Quarterly     |
| 2,444.00                      | 2,776.00                      | 8.00                 | 8.00                  | 8                        | 12                  | Quarterly                | Quarterly     |
| 13,100.00                     | 14,700.00                     | 8.00                 | 8.00                  | 9                        | 13                  | Quarterly                | Quarterly     |
| 1,920.00                      | 2,030.00                      | 8.00                 | 8.00                  | 13                       | 21                  | Quarterly                | Quarterly     |
| 1,640.00                      | 1,780.00                      | 8.00                 | 8.00                  | 17                       | 21                  | Quarterly                | Quarterly     |
| 12,100.00                     | 13,100.00                     | 8.00                 | 8.00                  | 18                       | 22                  | Quarterly                | Quarterly     |
| 2,000.00                      | 1,000.00                      | 8.00                 | 8.00                  | 20                       | 20                  | Quarterly                | Quarterly     |
| 24,204.00                     | 24,636.00                     | 8.00                 | 8.00                  | 20                       | 24                  | Quarterly                | Quarterly     |
| 2,16,649.05                   | 2,53,200.91                   |                      |                       |                          |                     |                          |               |

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

## 6 Deferred tax liabilities (net)

| Particulars  | (₹ in lac)             |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2015 | As at 31st March, 2014 |
| Deferred tax liabilities   |                        |                        |
| Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting period | 24,062.79              | 30,064.75              |
| Gross deferred tax liability   | 24,062.79              | 30,064.75              |
| 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  | 1,737.91               | 824.36                 |
| Gross deferred tax asset   | 1,737.91               | 824.36                 |
| <b>Deferred tax liability (net)</b>  | <b>22,324.88</b>       | <b>29,240.39</b>       |

## 7 Other long-term liabilities

| Particulars       | (₹ in lac)             |                        |
|-------------------|------------------------|------------------------|
|                   | As at 31st March, 2015 | As at 31st March, 2014 |
| Other liabilities |                        |                        |
| Retention money   | 30.92                  | 14.04                  |
| Security payable  | 10.85                  | 0.35                   |
| Dues to employees | 24.38                  | 18.33                  |
| Others            | 1,398.30               | 1,221.85               |
| <b>Total</b>      | <b>1,464.45</b>        | <b>1,254.57</b>        |

## 8 Long-term provisions

| Particulars                     | (₹ in lac)             |                        |
|---------------------------------|------------------------|------------------------|
|                                 | As at 31st March, 2015 | As at 31st March, 2014 |
| Provision for employee benefits |                        |                        |
| - Leave encashment              | 695.92                 | 601.52                 |
| - Gratuity                      | 247.90                 | 174.72                 |
| <b>Total</b>                    | <b>943.82</b>          | <b>776.24</b>          |

## 9 Short-term borrowings

| Particulars                        | (₹ in lac)             |                        |
|------------------------------------|------------------------|------------------------|
|                                    | As at 31st March, 2015 | As at 31st March, 2014 |
| Working capital loans from Banks   |                        |                        |
| - From banks (secured)*            | 46,010.58              | 80,279.24              |
| - From banks (unsecured)           | 1,355.88               | 2,013.33               |
| Loans repayable on demand          |                        |                        |
| - From related parties (unsecured) | -                      | 1,605.58               |
| - From others (unsecured)          | -                      | 175.00                 |
| <b>Total</b>                       | <b>47,366.46</b>       | <b>84,073.15</b>       |

## \*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 of repayment of loans repayable on demand

- From banks carries interest @ 8.30 % to 13.05 % p.a. (Previous year 9.95% to 12.70% p.a.)
- From related parties carries interest @ 9.50 % p.a. (Previous year 9% to 10.25% p.a.)
- From others carries interest @ 12.50 % p.a (Previous year 12.50 % p.a)

## 10 Trade payables

| Particulars      | (₹ in lac)             |                        |
|------------------|------------------------|------------------------|
|                  | As at 31st March, 2015 | As at 31st March, 2014 |
| Trade payables   |                        |                        |
| - Dues to others | 22,089.29              | 16,065.82              |
| <b>Total</b>     | <b>22,089.29</b>       | <b>16,065.82</b>       |

## 11 Other current liabilities

| Particulars  | (₹ in lac)             |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2015 | As at 31st March, 2014 |
| Current maturities of Long term debt (Refer note 5b) | 74,816.62              | 47,684.89              |
| Interest accrued but not due on borrowings           | 301.23                 | 338.43                 |
| Rent received in advance                             | -                      | -                      |
| Unpaid dividends#                                    | 140.34                 | 118.78                 |
| Other payables                                       |                        |                        |
| - Statutory remittances**                            | 4,661.42               | 4,102.16               |
| -Retention money                                     | 909.67                 | 966.93                 |
| - Security deposits                                  | 127.63                 | 86.17                  |
| -Expense payable                                     | 14,428.99              | 19,346.05              |
| -Creditors for Fixed assets                          | 1,438.86               | 1,563.18               |
| -Trade Deposits and Advance from customers           | 6,534.84               | 7,865.99               |
| -Employees related payable                           | 5,096.08               | 4,494.54               |
| -Other payables                                      | 434.43                 | 474.27                 |
| <b>Total</b>   | <b>1,08,890.11</b>     | <b>87,041.39</b>       |

\*\* 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

| Particulars                                      | (₹ in lac)             |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2015 | As at 31st March, 2014 |
| Provision for employee benefits                  |                        |                        |
| - Leave encashment (current)                     | 150.49                 | 131.01                 |
| - Gratuity                                       | 644.50                 | 44.39                  |
| Provision for proposed dividend on equity shares | 8,220.98               | 7,915.04               |
| Provision for tax on proposed dividend           | 2,285.55               | 1,581.80               |
| <b>Total</b>                                     | <b>11,301.52</b>       | <b>9,672.24</b>        |

Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

## 13. FIXED ASSETS

| Particulars               | Original Cost                 |                  |                 | Depreciation and Amortization |                                |                                  | Net Block         |                                  |                                |                                |
|---------------------------|-------------------------------|------------------|-----------------|-------------------------------|--------------------------------|----------------------------------|-------------------|----------------------------------|--------------------------------|--------------------------------|
|                           | Balance as at 1st April, 2014 | Additions        | Disposals       | Other adjustments             | Balance as at 31st March, 2015 | Eliminated on disposal of assets | Other adjustments | transferred to Retained Earnings | Balance as at 31st March, 2015 | Balance as at 31st March, 2014 |
| <b>Tangible Assets:</b>   |                               |                  |                 |                               |                                |                                  |                   |                                  |                                |                                |
| Free-hold Land            | 10,204.58                     | 244.36           | -               | -                             | 10,448.94                      | -                                | -                 | -                                | 10,448.94                      | 10,204.58                      |
| Leasehold Land            | 2,374.44                      | 62.35            | -               | -                             | 2,436.79                       | 288.11                           | 24.71**           | -                                | 312.82                         | 2,086.33                       |
| Lease hold improvements   | 83.39                         | 1.81             | -               | -                             | 85.20                          | 10.78                            | 16.77             | -                                | 27.55                          | 72.61                          |
| Buildings                 | 92,504.08                     | 6,545.37         | -               | 129.27                        | 98,920.18#                     | 17,929.24                        | 3,321.42          | 2,342.37                         | 23,543.80                      | 74,574.84                      |
| Plant and Equipment       | 4,60,065.81                   | 24,131.21        | 1,192.73        | 644.31                        | 4,82,359.98                    | 2,38,829.50                      | 48,265.62         | 3,925.07                         | 2,89,452.78                    | 2,21,236.31                    |
| Furniture and Fixtures    | 2,383.42                      | 240.62           | 6.14            | (0.29)                        | 2,618.19                       | 1,399.05                         | 258.51            | 43.24                            | 1,697.84                       | 984.37                         |
| Vehicles                  | 1,547.20                      | 314.03           | 151.93          | 23.51                         | 1,685.79                       | 537.05                           | 191.33            | 8.70                             | 642.65                         | 1,010.15                       |
| Office Equipments         | 2,958.40                      | 484.15           | 13.34           | 40.00                         | 3,389.21                       | 1,641.07                         | 451.35            | 195.11                           | 2,242.53                       | 1,317.33                       |
| Total (A)                 | 5,72,121.32                   | 32,023.90        | 1,365.14        | 836.80                        | 6,01,943.78                    | 2,60,634.80                      | 52,529.71         | 6,514.49                         | 3,17,919.97                    | 3,11,486.52                    |
| <b>Intangible Assets:</b> |                               |                  |                 |                               |                                |                                  |                   |                                  |                                |                                |
| Computer Softwares        | 1,498.86                      | 286.13           | -               | -                             | 1,784.99                       | 580.80                           | 251.78            | -                                | 832.58                         | 918.06                         |
| Right to use Power lines  | 1,730.02                      | 82.50            | -               | -                             | 1,812.52                       | 1,206.02                         | 157.05            | -                                | 1,363.07                       | 524.00                         |
| Brand Value               | 2,824.71                      | -                | -               | -                             | 2,824.71                       | 1,694.83                         | 282.47            | -                                | 1,977.30                       | 1,129.88                       |
| Total (B)                 | 6,053.59                      | 368.63           | -               | -                             | 6,422.21                       | 3,481.65                         | 691.30            | -                                | 4,172.95                       | 2,571.94                       |
| <b>Grand Total (A+B)</b>  | <b>5,78,174.91</b>            | <b>32,392.53</b> | <b>1,365.14</b> | <b>836.80</b>                 | <b>6,08,366.00</b>             | <b>2,64,116.45</b>               | <b>53,221.01</b>  | <b>6,514.49</b>                  | <b>3,22,092.92</b>             | <b>3,14,058.46</b>             |
| Previous Year             | 5,04,249.42                   | 77,725.03        | 2,883.59        | 915.95                        | 5,78,174.91                    | 2,34,143.88                      | 33,547.93         | 974.70                           | 2,64,116.45                    | 2,70,105.54                    |

#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.

- Depreciation for the year includes net depreciation of ₹33.64 lac (Previous Year ₹(-) 819.63 lac) pertaining to earlier years.

## 14 Non-current investments (Long term investments)

| Particulars  | (₹ in lac)             |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2015 | As at 31st March, 2014 |
| <b>I TRADE INVESTMENTS (at cost)</b>   |                        |                        |
| <b>a. Investment in Equity instruments</b>   |                        |                        |
| <b>(i) In Associates (Unquoted)</b>  |                        |                        |
| - 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                   | 0.43                   |
| Add: Accumulated profit from Associate Company   | 3.93                   | 6.85                   |
|  |                        | 4.12                   |
|  |                        | 7.05                   |
| <b>(ii) In Associates (Quoted)</b>   |                        |                        |
| - 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   | 188.92                 | 771.42                 |
|  |                        | 663.74                 |
|  |                        | 1,246.24               |
| <b>(iii) In Others (Unquoted)</b>  |                        |                        |
| - 21,769 (Previous year: 12,750) equity shares of ₹1,000 each fully paid-up of Perundurai Common Effluent Treatment Plant (a Section 25 Company)   |                        | 217.69                 |
|  |                        | 127.50                 |
| - Nil (Previous year: 275,000) Equity Shares of ₹10/- each fully paid-up of Vardhman Textile Components Limited  |                        | -                      |
|  |                        | 78.69                  |
| <b>II OTHER INVESTMENTS (at cost)</b>  |                        |                        |
| <b>a. Investment in Equity Instruments (Unquoted)</b>  |                        |                        |
| - 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>b. Investment in mutual funds (quoted)</b>  |                        |                        |
| Fixed maturity plans/Debt Funds  |                        |                        |
| - Nil (Previous year: 25,000,000) Units of ₹10/- each of SBI Debt Fund Series A 10 - 400 days - Direct - Growth  |                        | -                      |
|  |                        | 2,500.00               |
| - 10,000,000 (Previous year:10,000,000) Units of ₹10/- each of SBI debt Fund Series -A10-400 Days - Regular -Growth  |                        | 1,000.00               |
|  |                        | 1,000.00               |
| - 25,000,000 (Previous year:25,000,000 ) Units of ₹10/- each of SBI debt Fund Series -A14-380 Days - Direct -Growth  |                        | 2,500.00               |
|  |                        | 2,500.00               |
| - 15,000,000 (Previous year:15,000,000 ) Units of ₹10/- each of SBI debt Fund Series -A10-400 Days - Direct -Growth  |                        | 1,500.00               |
|  |                        | 1,500.00               |
| - 25,000,000 (Previous year: 25,000,000) Units of ₹10/- each of DSP Blackrock FMP-12.5M  |                        | 2,500.00               |
|  |                        | 2,500.00               |

## 14 Non-current investments (Long term investments) (contd.)

| Particulars   | (₹ in lac)             |                        |
|---|------------------------|------------------------|
|   | As at 31st March, 2015 | As at 31st March, 2014 |
| - 25,000,000 (Previous year: 25,000,000) Units of ₹10/- each of Reliance Fixed Horiozon Fund XXVI Series 2 Direct Growth Plan           |                        | 2,500.00               |
|   |                        | 2,500.00               |
| - 25,000,000 (Previous year: 25,000,000) Units of ₹10/- each of BSL Fixed Term Plan -Series KR (385 Days)- Growth Direct                |                        | 2,500.00               |
|   |                        | 2,500.00               |
| - 50,000,000 (Previous year: 50,000,000) Units of ₹10/- each of ICICI Prudential FMP Series 73-390 Days Plan I Direct Plan Cumulative   |                        | 5,000.00               |
|   |                        | 5,000.00               |
| - 30,000,000 (Previous year: 30,000,000) Units of ₹10/- each of UTI Fixed Term Income Fund Series XVIII-I (400 Days) Direct Growth Plan |                        | 3,000.00               |
|   |                        | 3,000.00               |
| - 20,000,000 (Previous year: 20,000,000) Units of ₹10/- each of Reliance Fixed Horizon Fund- XXV- Series 33- Direct Plan Growth Plan    |                        | 2,000.00               |
|   |                        | 2,000.00               |
| - 25,000,000 (Previous year: 25,000,000) Units of ₹10/- each of Kotak FMP Series 149 Direct - Growth                                    |                        | 2,500.00               |
|   |                        | 2,500.00               |
| - 50,000,000 (Previous year:nil ) Units of ₹10/- each of LD471G SBI Debt Fund Series-B (1105 DAYS) Direct Plan Growth FMP               |                        | 5,000.00               |
|   |                        | -                      |
| - 5,000,000 (Previous year:nil ) Units of ₹10/- each of ICICI Prudential FMP Series 76-1108 Days Plan V Direct Plan Cumulative          |                        | 500.00                 |
|   |                        | -                      |
| - 25,000,000 (Previous year:nil ) Units of ₹10/- each of ICICI Prudential FMP Series 76-1108 Days Plan V Direct Plan Cumulative         |                        | 2,500.00               |
|   |                        | -                      |
| - 10,000,000 (Previous Year 10,000,000) Units of ₹10/- each of Reliance Fixed Horizon Fund -XXV-Series 16-Growth Plan                   |                        | 1,000.00               |
|   |                        | 1,000.00               |
| - 20,000,000 (Previous Year 20,000,000) Units of ₹10/- each of Kotak FMP Series 140 Growth  |                        | 2,000.00               |
|   |                        | 2,000.00               |
| - 25,000,000 (Previous Year 25,000,000) Units of ₹10/- each of Kotak FMP Series 150 Growth  |                        | 2,500.00               |
|   |                        | 2,500.00               |
| - 15,000,000 (Previous Year 15,000,000) Units of ₹10/- each of UTI Fixed Term Income Fund   |                        | 1,500.00               |
|   |                        | 1,500.00               |
| - 10,000,000 (Previous Year Nil) Units of ₹10/- each of DSP Blackrock FTP - Series 44 -36 M - Direct Growth                             |                        | 1,000.00               |
|   |                        | -                      |
| - 25,000,000 (Previous Year NIL) Units of ₹10/- each of Reliance Fixed Horizon Fund - XXIV -Growth Plan                                 |                        | 2,500.00               |
|   |                        | -                      |
| - 10,000,000 (Previous Year 10,000,000) Units of ₹10/- each of Birla Sun Life FMP series GY   |                        | 1,000.00               |
|   |                        | 1,000.00               |
| <b>Total</b>  |                        | <b>45,679.33</b>       |
|   |                        | <b>37,142.84</b>       |
| <b>1. Aggregate amount of Quoted Investments</b>  |                        | <b>45,271.42</b>       |
|   |                        | <b>36,746.24</b>       |
| <b>2. Aggregate Market value of quoted investments</b>  |                        | <b>49,117.37</b>       |
|   |                        | <b>46,546.59</b>       |
| <b>3. Aggregate amount of Unquoted Investments</b>  |                        | <b>407.91</b>          |
|   |                        | <b>396.60</b>          |
| <b>4. Aggregate provision for diminution in value of Investments</b>  |                        | <b>-</b>               |
|   |                        | <b>-</b>               |

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

## 15 Long-term loans and advances

| Particulars   | (₹ in lac)             |                        |
|---|------------------------|------------------------|
|   | As at 31st March, 2015 | As at 31st March, 2014 |
| (unsecured, considered good)  |                        |                        |
| Capital advances  | 1,844.02               | 3,278.28               |
| Security deposits   | 2,245.45               | 1,655.15               |
| Other loans and advances  |                        |                        |
| - Loans to employees  | 100.19                 | 92.37                  |
| - Prepaid expenses  | 66.89                  | 46.68                  |
| - Other recoverable   | 1,017.61               | 598.96                 |
| - Advance income-tax {net of provision for tax ₹1,04,310.78 lac (Previous year ₹79,884.62 lac)} | 581.45                 | 1,361.36               |
| -Balance with government authorities  | 1,943.41               | 1,710.67               |
| <b>Total</b>  | <b>7,799.02</b>        | <b>8,743.47</b>        |

## 16 Other non-current assets

| Particulars  | (₹ in lac)             |                        |
|--|------------------------|------------------------|
|  | As at 31st March, 2015 | As at 31st March, 2014 |
| (unsecured considered good)                                  |                        |                        |
| - Fixed Deposits with banks more than twelve months maturity | 12,025.57              | 2,576.35               |
| - Interest receivable  | 378.00                 | 452.65                 |
| <b>Total</b>   | <b>12,403.57</b>       | <b>3,029.00</b>        |

## 17 Current investments

| Particulars   | (₹ in lac)             |                        |
|---|------------------------|------------------------|
|   | As at 31st March, 2015 | As at 31st March, 2014 |
| <b>Current investments (valued at lower of cost and fair value)</b>   |                        |                        |
| <b>Investment in Mutual Funds (Quoted)</b>  |                        |                        |
| - Nil (Previous year: 20,000,000) Units of ₹10/- each of SBI Debt Fund Series-366 Days 25-Direct Growth                       | -                      | 2,000.00               |
| - Nil (Previous year: 50,000,000) Units of ₹10/- each of SBI Debt Fund Series-366 Days 25-Regular Growth                      | -                      | 5,000.00               |
| - 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               |
| - Nil (Previous year: 25,000,000) Units of ₹10/- each of Kotak FMP series 106- Growth   | -                      | 2,500.00               |
| - Nil (Previous Year 25,000,000) Units of ₹10/- each of Reliance Fixed Horizon Fund - XXIV -Growth Plan                       | -                      | 2,500.00               |
| - Nil (Previous Year 313,356) Units of ₹1000 /- each of SBI Premier Liquid Fund-Direct Plan- Regular Plan Daily Dividend      | -                      | 3,143.75               |
| - 60,779 (Previous Year : 60,779) Units of ₹1000 /- each of Principal Bank CD Fund-Direct Plan Growth.                        | 1,000.00               | 1,000.00               |

## 17 Current investments (contd.)

| Particulars   | (₹ in lac)             |                        |
|---|------------------------|------------------------|
|   | As at 31st March, 2015 | As at 31st March, 2014 |
| - 21,320,689 (Previous Year Nil) Units of ₹11.73/ each of JP Morgan Indian banking and PSU debt fund -Direct plan-Growth option | 2,500.00               | -                      |
| - Nil (Previous Year 35,020) Units of ₹1000 /- each of SBI Premier Liquid Fund-Direct Plan- Direct Plan Daily Dividend          | -                      | 351.34                 |
| - Nil (previous year :25,000,000) units of ₹10 each of Kotak FMP series 106 - Growth -  | -                      | 2,500.00               |
| - Nil (previous year :25,000,000) units of 10 each of IDFC fixed term plan series 27 regular plan - Growth                      | -                      | 2,500.00               |
| -25,000,000 (previous year Nil) Units of ₹10 each of SBI debt fund series - A 10 - 400 days - Direct - Growth -                 | 2,500.00               | -                      |
| <b>Investment in debentures or Bonds (quoted)</b>   |                        |                        |
| -2,500,000 (Previous year: 2,500,000) 8.65% NABARD Bonds of ₹100/- each   | 2,476.67               | 2,476.67               |
| Less : Provision for diminution in value of Investments   | -                      | 6.17                   |
| - Nil (Previous year: 500,000) 9.60% Non Convertible Debentures of Ballarpur Industries Ltd of ₹100/- each                      | -                      | 508.18                 |
| Less : Provision for diminution in value of Investments   | -                      | 3.30                   |
| <b>Investment in debentures or Bonds (unquoted)</b>   |                        |                        |
| - Nil (Previous Year 7,360) 8.25 % Zero Coupon Bonds of ₹13,578 each of Rural Electrification Corporation of India Limited.     | -                      | 999.34                 |
| <b>Investment in debentures or Bonds (quoted)</b>   |                        |                        |
| - Nil (Previous Year 200,000) Units of ₹1,000 /- each of 8.66% IIFCL Tax Free Bonds   | -                      | 2,000.00               |
| - 3,330 (Previous Year 63330) Units of ₹1,000 /- each of 8.66% NTPC Tax Free Bonds  | 33.30                  | 633.30                 |
| - Nil (Previous year 50,000) units of ₹1,000 each of 8.30 % NHAI Tax Free Bonds   | -                      | 511.03                 |
| Less: Diminution in value of investment   | -                      | 25.91                  |
| - 100,000 (Previous year 100,000) units of ₹1,000 each of 8.51 % HUDCO Tax Free Bonds   | 1,000.00               | 1,000.00               |
| Less : Provision for diminution in value of Investments   | -                      | 16.75                  |
| - 21,750 (Previous Year 21,750 ) units of ₹1,000/- each of 8% IRFC Bonds  | 217.50                 | 217.50                 |
| Less : Provision for diminution in value of Investments   | -                      | 4.44                   |
| - 200 (Previous Year Nil) Units of ₹1,000,000 / each of IIFL Duration Product I-042   | 2,000.00               | -                      |

## 17 Current investments (contd.)

(₹ in lac)

| Particulars  | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
| <b>Investment in Liquid Funds / Debt Funds/ Monthly Income Plans (Unquoted)</b>  |                        |                        |
| - Nil (Previous Year 78,692) Units of ₹1,000/- each of Reliance Liquid fund  | -                      | 1,204.23               |
| - 50,211 (Previous Year :78,065) units of ₹1,003.25 each of SBI Premier Liquid Fund - daily dividend   | 503.75                 | 783.18                 |
| - Nil (Previous year 3,917) Units of ₹1,000/- each of Morgan Stanley Liquid Fund- daily dividend   | -                      | 39.21                  |
| - 737,850 (Previous year 189,514) Units of ₹1,000/- each of SBI Premier Liquid Fund Regular Plan Daily Dividend  | 7,402.48               | 1,901.29               |
| - 606 (Previous year :Nil) Units of ₹10/- each of Sbi Ultra fund SHF Ultra STD Fund Direct Daily Dividend  | 0.01                   | -                      |
| - 23,060,289 (previous year Nil) units of ₹20.2477 each of Kotak equity arbitrage fund direct plan - bimonthly dividend [286,022 units reinvested (previous year Nil)] | 4,671.12               | -                      |
| Less : Provision for diminution in value of Investments  | 2.00                   | -                      |
| - 150,039 (Previous Year Nil) Units of ₹1,000.39 /- each of Principal Cash Management Fund - Direct Plan Dividend option Daily-Reinvestment.                           | 1,500.98               | -                      |
| - 15,425 (Previous Year Nil) Units of ₹1,005 /- each of SBI Ultra Short term debt fund - Direct Daily Dividend   | 155.02                 | -                      |
| - 167,619 (Previous Year Nil) Units of ₹1,003.09 /- each of SBI Ultra Short term debt fund - Regular daily dividend  | 1,681.66               | -                      |
| - 18,945 (Previous Year Nil) Units of ₹1,003.25 /- each of SBI Premier Liquid Fund - Direct Plan - Daily dividend  | 190.06                 | -                      |
| - 140,818 (Previous Year Nil) Units of ₹1,001.66 /- each of Principal Debt Opportunities Fund Conservative Plan - Direct Plan Daily Dividend                           | 1,410.79               | -                      |
| - 50,412 (Previous Year Nil) Units of ₹1,011.62 /- each of Kotak Floater short term -Direct plan - Daily dividend  | 509.98                 | -                      |
| - 22,430,779 (Previous Year Nil) Units of ₹11.15/ each of JP Morgan Indian banking and PSU debt fund -Regular plan- Growth option                                      | 2,500.00               | -                      |
| - 5,777,241 (Previous Year Nil) Units of ₹17.31/ each of IDFC Dynamic bond fund - Growth -Direct plan  | 1,000.00               | -                      |
| - 105,341 (previous year Nil) units of ₹100.0565 each of ICICI prudential liquid - daily dividend [28,596 units reinvested (previous year Nil)]                        | 105.40                 | -                      |
| 28,483,520 (previous year Nil) units of ₹10.0301 each of IDFC banking debt fund - daily dividend [266,423 units reinvested (previous year Nil)]                        | 2,856.07               | -                      |
| - 176,139 (previous year Nil) units of ₹1,114.15 each of Reliance liquid fund - cash plan - direct plan daily dividend [1,118 units reinvested (previous year Nil)]    | 1,962.45               | -                      |

## 17 Current investments (contd.)

(₹ in lac)

| Particulars  | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
| - 38,309 (previous year Nil) units of ₹1,004.9981 each of SBI ultra short term debt fund - direct plan - daily dividend [711 units reinvested (previous year Nil)] | 385.00                 | -                      |
| - 51,866 Units (Previous Year: Nil) of SBI Premier Liquid Fund- Regular Plan- Daily Dividend of ₹10/- each   | 520.35                 | -                      |
| - 45,567 Units (Previous Year: Nil) of SBI Premier Liquid Fund- Daily Plan- Daily Dividend of ₹10/- each   | 457.15                 | -                      |
| - 3,740,235 (Previous Year Nil) Units of ₹10/- each of Birla Sun Life Active Debt Multi - Manager FOF Scheme   | 700.00                 | -                      |
| - 2,993 (Previous Year Nil) Units of ₹1,000/- each of SBI SHF Ultra Short Term Debt fund Regular Daily Dividend  | 30.03                  | -                      |
| - 8,000,000 (Previous Year Nil) Units of ₹10/- each of DSP Blackrock 3 Years close ended equity fund- Regular Plan- Growth   | 800.00                 | -                      |
| - 5,339 (Previous Year Nil) Units of ₹1,000/- each of SBI Premier liquid Fund-Direct   | 53.57                  | -                      |
| - 1,014 (Previous year :Nil) Units of ₹1,000/- each of Principal Debt Opportunity Fund Conservative Plan   | 10.14                  | -                      |
| - 3,911 (Previous year :Nil) Units of ₹1,000/- each of Baroda Pioneer Liquid Fund Plan A Daily Dividend*   | 51.00                  | -                      |
| <b>Grand Total</b>   | <b>41,182.48</b>       | <b>41,212.45</b>       |
| 1. Aggregate amount of Quoted Investments  | 11,727.47              | 36,341.77              |
| 2. Aggregate Market value of Quoted Investments  | 12,182.05              | 40,148.85              |
| 3. Aggregate amount of Unquoted Investments  | 29,455.01              | 4,927.25               |
| 4. Aggregate provision for diminution in value of Investments  | -                      | 56.57                  |

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

\* These investments are held under Portfolio Management Services.

## 18 Inventories

| (₹ in lac)   |                        |             |                        |             |
|--|------------------------|-------------|------------------------|-------------|
| Particulars  | As at 31st March, 2015 |             | As at 31st March, 2014 |             |
| (at cost or net realisable value, whichever is lower)                                  |                        |             |                        |             |
| Raw materials ( includes in transit ₹6,257.13 lac<br>(Previous Year ₹2,757.91 lac)     | 1,13,699.55            |             | 1,28,622.42            |             |
| Less: Unrealised profit on consolidation   | 746.69                 | 1,12,952.86 | 133.83                 | 1,28,488.59 |
| Work-in-Progress   | 16,560.28              |             | 19,669.02              |             |
| Less: Unrealised profit on consolidation   | 63.93                  | 16,496.35   | 84.92                  | 19,584.10   |
| Finished Goods ( includes in transit ₹82.06 lac<br>(Previous Year ₹150.84 lac)         | 46,989.85              |             | 57,985.04              |             |
| Less: Unrealised profit on consolidation   | 272.01                 | 46,717.84   | 340.63                 | 57,644.41   |
| Stores and Spares ( includes in transit ₹1,192.00 lac<br>(Previous Year ₹1,595.91 lac) |                        | 15,408.28   |                        | 13,525.35   |
| Total  |                        | 1,91,575.33 |                        | 2,19,242.45 |

## 19 Trade receivables

| (₹ in lac)  |                        |           |                        |           |
|---|------------------------|-----------|------------------------|-----------|
| Particulars   | As at 31st March, 2015 |           | As at 31st March, 2014 |           |
| a) Debts outstanding for a period exceeding six months from due date of payment |                        |           |                        |           |
| - Unsecured, considered good unless otherwise stated                            |                        | 1,707.94  |                        | 755.29    |
| - Doubtful  |                        | 168.50    |                        | 244.74    |
| Less: Allowances for doubtful trade receivables                                 |                        | 168.50    |                        | 244.74    |
|   |                        | 1,707.94  |                        | 755.29    |
| Other trade receivables :   |                        |           |                        |           |
| - Unsecured, considered good  |                        | 79,243.25 |                        | 86,029.45 |
| Total   |                        | 80,951.19 |                        | 86,784.74 |

## 20 Cash and bank balances

| (₹ in lac)   |                        |           |                        |           |
|--|------------------------|-----------|------------------------|-----------|
| Particulars  | As at 31st March, 2015 |           | As at 31st March, 2014 |           |
| Cash and cash equivalents  |                        |           |                        |           |
| a) Balances with banks   |                        |           |                        |           |
| - In current accounts  |                        | 8,333.14  |                        | 7,227.11  |
| b) Cheques on hand   |                        | 106.42    |                        | 417.98    |
| c) Cash on hand  |                        | 84.82     |                        | 242.24    |
| d) Other bank balances   |                        |           |                        |           |
| -Earmarked balances with banks*  |                        | 141.52    |                        | 130.12    |
| -Deposits with maturity more than three months but less than twelve months |                        | 11,609.76 |                        | 57.50     |
| -Deposits with more than twelve months maturity                            |                        | 12,025.57 |                        | 2,576.35  |
|  |                        | 32,301.23 |                        | 10,651.30 |
| Less: Amounts disclosed as other non current assets (refer note 16)        |                        | 12,025.57 |                        | 2,576.35  |
| Total  |                        | 20,275.66 |                        | 8,074.95  |

\* Earmarked balances with banks includes ₹140.31 lac (Previous year ₹118.75 lac) pertaining to dividend accounts with banks and ₹1.21 lac (Previous year ₹ Nil) pledged with government authorities and others.

## 21 Short-term loans and advances

| (₹ in lac)  |                        |           |                        |           |
|---|------------------------|-----------|------------------------|-----------|
| Particulars   | As at 31st March, 2015 |           | As at 31st March, 2014 |           |
| (unsecured considered good, unless otherwise stated)  |                        |           |                        |           |
| Loans and advances to related parties (refer note 36) |                        | 2,555.09  |                        | 1,346.73  |
| Others:   |                        |           |                        |           |
| Balance with government authorities                   |                        | 13,839.05 |                        | 16,659.92 |
| Claims receivables                                    |                        | 737.22    |                        | 124.14    |
| Advances to suppliers                                 |                        | 8,157.94  |                        | 21,015.90 |
| Prepaid expenses                                      |                        | 697.05    |                        | 606.37    |
| Other recoverables :                                  |                        |           |                        |           |
| - Considered good                                     |                        | 14,031.64 |                        | 15,448.66 |
| - Considered doubtful                                 |                        | 87.20     |                        | 116.37    |
|   |                        | 14,118.84 |                        | 15,565.03 |
| Less: Allowances for doubtful advances                |                        | 87.20     | 14,031.64              | 116.37    |
| Total   |                        | 40,017.99 |                        | 55,201.72 |

## 22 Other current assets

| (₹ in lac)   |                        |          |                        |          |
|--|------------------------|----------|------------------------|----------|
| Particulars  | As at 31st March, 2015 |          | As at 31st March, 2014 |          |
| Amount recoverable from Mahavir Share Trust in respect of Shares held in Trust |                        | 1,788.02 |                        | 1787.56  |
| Mat Credit Recoverable   |                        | 314.45   |                        | 432.91   |
| Total  |                        | 2,102.47 |                        | 2,220.47 |

## 23 Revenue from operations

| (₹ in lac)                    |                                     |                                     |
|-------------------------------|-------------------------------------|-------------------------------------|
| Particulars                   | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
| Sale of products              | 6,68,591.84                         | 6,09,164.74                         |
| Sale of services              | 43.18                               | 69.64                               |
| Other Operating revenues      |                                     |                                     |
| - Export benefits             | 12,890.27                           | 10,265.23                           |
| - Others                      | 1,393.56                            | 1,297.47                            |
| Revenue from operations       | 6,82,918.85                         | 6,20,797.08                         |
| Less : Excise duty            | 4,322.84                            | 4,153.89                            |
| Revenue from operations (Net) | 6,78,596.01                         | 6,16,643.19                         |
| Sale of products comprise :   |                                     |                                     |
| Yarn                          | 3,43,702.87                         | 3,04,650.50                         |
| Processed fabric              | 1,62,451.61                         | 1,55,272.01                         |
| Thread                        | 71,092.34                           | 64,795.83                           |
| Fabric                        | 39,673.99                           | 32,240.74                           |
| Acrylic fibre and tow         | 26,554.19                           | 27,448.23                           |
| Miscellaneous                 | 20,181.94                           | 20,919.40                           |
| Garments                      | 4,636.19                            | 3,633.10                            |
| Power                         | 17.29                               | 63.57                               |
| Raw material (Others)         | 179.66                              | -                                   |
| Raw material (Cotton)         | 37.58                               | 17.95                               |
| Raw material (Fibre)          | 64.18                               | 123.41                              |
| Total                         | 6,68,591.84                         | 6,09,164.74                         |



## 24 Other income

| Particulars   | (₹ in lac)                             |  |
|---|--|--|
|   | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Dividend Income from Long Term Investments                          | 176.38                                 | 95.93                                  |
| Dividend Income from Current investments                            | 1,560.63                               | 1455.28                                |
| Net Gain on sale of Investments:                                    |  |  |
| - Current investments   | 687.66                                 | 95.35                                  |
| - Long-term investments   | 2,735.05                               | 3134.14                                |
| Claims received (Net of expenses)                                   | 111.65                                 | 178.40                                 |
| Provisions no longer required written back                          | 730.43                                 | 717.28                                 |
| Adjustment to the carrying amount of investments:                   |  |  |
| - Reversal of reduction in the carrying amount of investments       | 54.35                                  | 2.33                                   |
| Allowances for doubtful trade receivables and advances written back | -                                      | 86.84                                  |
| Gains on foreign currency transactions and translations (Net)       | 8,412.72                               | -                                      |
| Net Gain on sale of Fixed Assets                                    | 464.03                                 | 673.51                                 |
| Miscellaneous   | 1,666.79                               | 952.61                                 |
| Prior period items (net) (refer note 37)                            | 24.19                                  | -                                      |
| <b>Total</b>  | <b>16,623.88</b>                       | <b>7,391.67</b>                        |

## 25 Cost of materials consumed\*

| Particulars   | (₹ in lac)                             |  |
|---------------|--|--|
|               | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Cotton #      | 2,42,227.29                            | 2,07,339.60                            |
| Manmade Fibre | 48,216.82                              | 44,859.90                              |
| Acrylonitrile | 23,046.22                              | 20,876.00                              |
| Yarn          | 17,364.36                              | 18,045.47                              |
| Fabric        | 1,732.49                               | 431.30                                 |
| Others        | 1,968.73                               | 1,540.84                               |
| <b>Total</b>  | <b>3,34,555.91</b>                     | <b>2,93,093.11</b>                     |

\* Includes Cost of Goods sold

# Cotton consumed is net of Raw material destroyed in fire of ₹1,997.24 lac (previous year ₹10.12 lac).

## 26 Purchases of Stock-in-trade:

| Particulars  | (₹ in lac)                             |  |
|--------------|--|--|
|              | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Fabric       | 123.04                                 | 80.68                                  |
| Yarn         | 317.10                                 | 126.00                                 |
| Others       | -                                      | 162.10                                 |
| <b>Total</b> | <b>440.14</b>                          | <b>368.78</b>                          |

## 27 Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars  | (₹ in lac)                             |                  |  |                    |
|--|--|------------------|--|--------------------|
|  | For the year ended<br>31st March, 2015 |                  | For the year ended<br>31st March, 2014 |                    |
| Opening Stock:   |  |                  |  |                    |
| Work-in-Progress   | 19,669.02                              |                  | 17,076.47                              |                    |
| Finished Goods   | 57,834.20                              | 77,503.22        | 37,318.21                              | 54,394.68          |
| Less: Insurance claim received on work in progress destroyed in fire |  | -                |  | 67.47              |
|  |  | 77,503.22        |  | 54,327.21          |
| Less: Closing Stock:   |  |                  |  |                    |
| Work-in-Progress   | 16,560.28                              |                  | 19,669.02                              |                    |
| Finished Goods   | 46,907.78                              | 63,468.06        | 57,834.20                              | 77,503.22          |
| <b>Total</b>   |  | <b>14,035.16</b> |  | <b>(23,176.01)</b> |
| <b>Details of inventory :</b>  | <b>Qty</b>                             | <b>Amount</b>    | <b>Qty</b>                             | <b>Amount</b>      |
| <b>Work-in-progress</b>  |  |                  |  |                    |
| Yarn   |  | 9,947.34         |  | 11,883.73          |
| Fabric   |  | 2,034.17         |  | 2,340.58           |
| Thread   |  | 2,170.82         |  | 2,803.19           |
| Processed Fabric   |  | 1,855.94         |  | 2,248.18           |
| Garment  |  | 281.50           |  | 160.73             |
| Acrylic Fibre  |  | 270.51           |  | 232.61             |
| <b>Total</b>   |  | <b>16,560.28</b> |  | <b>19,669.02</b>   |
| <b>Finished goods</b>  |  |                  |  |                    |
| Yarn   | 12,473 MT                              | 25,301.20        | 15,892 MT                              | 34,392.21          |
| Fabric   | 15.43 Mn<br>Mtrs                       | 10,289.65        | 14.77 Mn<br>Mtrs                       | 10,595.73          |
| Thread   | 1,413.75 MT                            | 4,773.20         | 1,418.50 MT                            | 4,863.23           |
| Processed Fabric   | 6.34 Mn Mtrs                           | 5,588.82         | 7.46 Mn Mtrs                           | 7,057.36           |
| Garments   | 62,516 pcs.                            | 232.62           | 37,632 pcs.                            | 107.00             |
| Acrylic Fibre and tow  | 460.3 MT                               | 722.29           | 485.34 MT                              | 818.67             |
| <b>Total</b>   |  | <b>46,907.78</b> |  | <b>57,834.20</b>   |

## 28 Employee benefits expense

| Particulars                               | (₹ in lac)                             |  |
|---|--|--|
|   | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Salaries, Wages and Bonus                 | 39,575.82                              | 36,724.24                              |
| Contribution to Provident and other Funds | 4,597.19                               | 3,498.84                               |
| Workmen and staff welfare                 | 664.37                                 | 660.90                                 |
| <b>Total</b>                              | <b>44,837.38</b>                       | <b>40,883.98</b>                       |

## 29 Finance costs

| Particulars            | (₹ in lac)                             |  |
|------------------------|--|--|
|                        | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Interest expense (net) | 11,269.75                              | 13,989.84                              |
| Other borrowing costs  | 1,217.52                               | 1,122.23                               |
| <b>Total</b>           | <b>12,487.27</b>                       | <b>15,112.07</b>                       |

## 30 Other expenses

| Particulars  | (₹ in lac)                             |  |
|--|--|--|
|  | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Consumption of stores and spare parts                        | 5,545.51                               | 5,156.12                               |
| Dyes and Chemicals consumed                                  | 22,199.80                              | 19,347.90                              |
| Packing materials and charges                                | 12,347.26                              | 11,127.08                              |
| Power and Fuel   | 71,602.64                              | 64,869.69                              |
| Rent   | 365.13                                 | 340.61                                 |
| Repairs and maintenance to Buildings                         | 2,928.01                               | 2,193.70                               |
| Repairs and maintenance to Machinery                         | 16,335.03                              | 16,326.44                              |
| Insurance  | 758.71                                 | 779.55                                 |
| Rates and Taxes  | 621.76                                 | 580.48                                 |
| Auditors Remuneration:                                       |  |  |
| Audit Fee  | 63.17                                  | 60.36                                  |
| Tax Audit Fee  | 16.04                                  | 10.14                                  |
| Reimbursement of Expenses                                    | 14.19                                  | 11.54                                  |
| In other capacity  | 2.61                                   | 19.91                                  |
| Bad debts written off  | 113.84                                 | 212.47                                 |
| Provision for Doubtful Debts and advances                    | 0.21                                   | -                                      |
| Adjustments to carrying amount of investment                 |  |  |
| - Reduction in the carrying amount of current investments    | 2.00                                   | 47.10                                  |
| Loss on foreign currency transactions and translations (Net) | -                                      | 3,630.55                               |
| Forwarding Charges and Octroi                                | 12,584.56                              | 10,867.88                              |
| Commission to Selling Agents                                 | 6,592.06                               | 5,668.16                               |
| Rebate and Discount  | 4,527.08                               | 3,820.40                               |
| Miscellaneous  | 16,331.17                              | 13,899.72                              |
| Prior period items (net) (refer note 37)                     | -                                      | 178.16                                 |
| <b>Total</b>   | <b>1,72,950.78</b>                     | <b>1,59,147.96</b>                     |

## 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 %                                 | 89.44 %       |
| b) VTL Investments Ltd.                     | 100.00 %                                | 100.00 %      |
| c) Vardhman Yarns & Threads Ltd.            | 51.00 %                                 | 51.00 %       |
| d) Vardhman Acrylics Ltd. (Refer note- 34)  | 70.75 %                                 | 70.00 %       |
| e) Vardhman Nisshinbo Garments Company Ltd. | 51.00 %                                 | 51.00 %       |

## (ii) Principles of consolidation

- 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".
- 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.
- 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.
- 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.
- 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.
- 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.
- 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 statements have been prepared after making the following adjustments:

- The dividend received by the holding company amounting to ₹1295.25 lac (Previous Year ₹1051.57 lac) from its subsidiary companies included in the schedule of 'Other Income' in its individual balance sheet has been eliminated on consolidation.
- The dividend received by the subsidiary company amounting to ₹124.74 lac (Previous Year ₹68.04 lac) from its holding company included in the schedule of 'Other Income' in its individual balance sheet has been eliminated on consolidation.
- The Parent's portion of the proposed dividend amounting to ₹2,587.48 lac (Previous Year ₹1,295.25 lac) has been reduced from the aggregate of the proposed dividend as reflected in the financial statements of the subsidiary companies, as a result of which the profit carried to the consolidated balance sheet stands increased to that extent.
- The subsidiary's portion of the proposed dividend amounting to ₹113.40 lac (Previous Year ₹124.74 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 subsidiary's portion of the proposed dividend amounting to ₹0.78 lac (Previous Year ₹ Nil) has been reduced from the aggregate of the proposed dividend as reflected in the financial statements of the subsidiary company, as a result of which the profit carried to the consolidated balance sheet stands increased to that extent.
- f) The unrealised profit on intra group transactions amounting to ₹1,082.62 lac (Previous Year ₹559.39 lac) has been reduced from the share of profits of the Parents Company in the Consolidated statement of Profit and Loss.
- g) Unrealised profit for the previous year amounting to ₹559.39 lac (Previous Year ₹468.06 lac) has been reversed during the year and has been reduced from the figure of unrealised profit amounting to ₹1,082.62 lac (Previous Year ₹559.39 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) 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.
- b) 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.

(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  | -  | 3.93                               | 6.85  |
| Vardhman Special Steels Limited           | 31.39%                            | 582.50                      | -   | -  | 188.91                             | 771.41  |

(iii) Company's share of contingencies and capital commitment in its associate for which the Company is also contingently liable is ₹ 2,885.70 lac (Previous Year ₹ 1,098.98 lac).

| (₹ in lac)   |                       |                        |
|--|-----------------------|------------------------|
|  | As At 31st March 2015 | As At 31st March, 2014 |
| <b>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:-</b>   |                       |                        |
| a) Claim not acknowledge as debts  | 921.79                | 917.47                 |
| b) Guarantee given by the Company on behalf of another company, to the extent utilized.  | -                     | 232.90                 |
| c) Bank Guarantees and Letter of Credit outstanding  | 10,952.36             | 11,690.26              |
| d) Bills discounted with banks   | 13,710.55             | 7,884.34               |
| e) The holding company, subsidiaries and associate companies (to the extent of holding company's share) have contested the additional demand in respect of Sales Tax, Excise Duty, Service tax, Entry tax, Income tax etc. The companies have filed appeals with the various appellant authorities and have been advised that the demand is not in accordance with law. No provision, therefore, has been made in books of accounts in respect thereof |                       |                        |

| (₹ in lac)  |                       |                        |
|---|-----------------------|------------------------|
|   | As At 31st March 2015 | As At 31st March, 2014 |
| <b>33 Estimated amount of contracts remaining to be executed on Capital Account (Net of advances)</b> | 12,374.72             | 12,868.17              |

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 previous year, the said company had bought back and extinguished 16,18,512 Equity Shares of ₹10/- each. The buy-back offer was closed on 8th May, 2013. Consequently, ₹161.85 lac were 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 two segments (Previous Year - five) as reportable segments viz. Textiles and Fibre. On the basis of factors detailed in Accounting Standard-17 'Segment Reporting', Yarn, Fabric, Sewing Thread and Garments segments have been combined into one segment in the current financial year i.e. Textiles.

**a) Primary Segment Information:**

| Particulars  | Textiles     |               | Fibre        |               | Unallocated  |               | Total        |               |
|--|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|
|  | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| <b>REVENUE</b>   |              |               |              |               |              |               |              |               |
| External sales   | 6,55,929.11  | 5,93,034.63   | 22,352.13    | 23,354.74     | 314.89       | 253.82        | 6,78,596.13  | 6,16,643.19   |
| Inter-segment sales                                      | -            | -             | 27,478.34    | 23,519.44     | 22,067.98    | 21,579.94     | 49,546.32    | 45,099.38     |
| Other income   | 11,989.56    | 2,960.12      | 907.83       | 1,288.07      | 60.42        | 57.52         | 12,957.81    | 4,305.71      |
| Total revenue  | 6,67,918.67  | 5,95,994.75   | 50,738.30    | 48,162.25     | 22,443.29    | 21,891.28     | 7,41,100.27  | 6,66,048.28   |
| <b>RESULT</b>  |              |               |              |               |              |               |              |               |
| Segment results  | 70,529.01    | 1,11,712.09   | 3,888.51     | 5,073.99      | 2,962.26     | 5,933.03      | 77,379.78    | 1,22,719.11   |
| Unallocated Corporate Expenses (Net)                     |              |               |              |               |              |               | 2,675.29     | 2,845.70      |
| Operating profit   |              |               |              |               |              |               | 74,704.49    | 1,19,873.41   |
| Interest expense   |              |               |              |               |              |               | 12,487.27    | 15,112.07     |
| Income tax - Current                                     |              |               |              |               |              |               | 23,244.98    | 24,490.15     |
| - Deferred   |              |               |              |               |              |               | (5,593.13)   | 3,719.68      |
| Profit from ordinary activities                          |              |               |              |               |              |               | 44,565.37    | 76,551.51     |
| Extraordinary loss / (income)                            |              |               |              |               |              |               | -            | -             |
| Net profit   |              |               |              |               |              |               | 44,565.37    | 76,551.51     |
| <b>OTHER INFORMATION</b>                                 |              |               |              |               |              |               |              |               |
| Segment assets   | 5,74,168.69  | 6,43,166.57   | 42,450.16    | 36,901.28     | 17,665.20    | 19,729.95     | 6,34,284.05  | 6,99,797.80   |
| Unallocated Corporate Assets                             |              |               |              |               |              |               | 1,03,559.27  | 86,678.42     |
| Total assets   | 5,74,168.69  | 6,43,166.57   | 42,450.16    | 36,901.28     | 17,665.20    | 19,729.95     | 7,37,843.32  | 7,86,476.22   |
| Segment Liabilities                                      | 46,152.02    | 43,062.77     | 8,103.68     | 5,112.61      | 2,009.91     | 1,765.34      | 56,265.61    | 49,940.73     |
| Unallocated Corporate Liabilities                        |              |               |              |               |              |               | 2,77,622.48  | 3,54,458.71   |
| Total liabilities  | 46,152.02    | 43,062.77     | 8,103.68     | 5,112.61      | 2,009.91     | 1,765.34      | 3,33,888.09  | 4,04,399.43   |
| Capital expenditure                                      | 31,124.98    | 77,325.58     | 541.11       | 51.99         | 145.94       | 0.42          | 31,812.04    | 77,378.00     |
| Depreciation & Amortisation                              | 51,197.74    | 30,996.71     | 476.87       | 1,136.76      | 1,099.36     | 959.81        | 52,773.97    | 33,093.27     |
| Non-cash expenses other than depreciation & amortisation | -            | -             | -            | -             | -            | -             | -            | -             |

## b) Secondary Segment Information :

|                                     | (₹ in lac)                             |  |
|-------------------------------------|--|--|
|                                     | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
| Segment Revenue – External Turnover |  |  |
| - within India                      | 4,08,861.55                            | 3,92,213.23                            |
| - outside India                     | 2,69,734.46                            | 2,24,429.96                            |
| <b>Total Revenue</b>                | <b>6,78,596.01</b>                     | <b>6,16,643.19</b>                     |

**Segment Revenue & Expenses:**

Segment revenue comprises sales to external customers and inter segment sales. Segment expenses comprise 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 Co. Ltd<br>Vardhman Acrylics Ltd.<br>VTL Investments Ltd.<br>Vardhman Yarns & Threads Ltd<br>Vardhman Nisshinbo Garments Company Ltd  |
| 2. Associates               | Vardhman Special Steels Ltd<br>Vardhman Textile Components Ltd (upto 30th March, 2014)<br>Marubeni Corporation, Marubeni Textiles Asia Ltd, Toho Tenax Company Ltd (upto 2nd September, 2013)<br>Vardhman Spinning & General Mills Limited |
| 3. Key Management Personnel | Mr. S.P.Oswal<br>Mr. D.L.Sharma<br>Mr. B.K.Choudhary<br>Mr. Sachit Jain<br>Mrs. Suchita Jain<br>Mr. Neeraj Jain  |

**36. Related Party Disclosure (contd.)**

|   |  |
|---|--|
| 4. Enterprises over which key Management Personnel and relative of such personnel is able to exercise significant influence | Vardhman Holdings Ltd.<br>Vardhman Apprales Ltd<br>Banarso Devi Oswal Public Charitable Trust<br>Sri Aurobindo Socio Economic and Management Research Institute<br>*Adhiswar Enterprises LLP (formerly known as Adinath Investment and Trading Company)<br>*Devakar Investment & Trading Co. (P) Ltd.<br>*Srestha Holdings Ltd.<br>*Flamingo Finance & Investment Co. Ltd.<br>*Ramaniya Finance & Investment Co. Ltd.<br>*Marshall Investment & Trading Co. (P) Ltd.<br>*Pradeep Mercantile (P) Ltd.<br>*Plaza Trading Co. (P) Ltd.<br>*Mahavir Spinning Mills (P) Limited<br>(Formerly known as Vardhman Textile Processors (P) Ltd.)<br>*Anklesh Investments (P) Ltd.<br>*Syracuse Investment & Trading Co. (P) Ltd.<br>**Northern Trading Co.<br>**Ambar Syndicate<br>**Paras Syndicate<br>**Adinath Syndicate<br>**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 :-

| 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        |                                |               |  |               | -            | 350.05        |
| Purchase of DEPB licences          | 3.15         | -             | -                              | -             | -  | -             | 3.15         | -             |
| Sale/processing of goods           | 66.02        | 27.14         | -                              | -             | -  | -             | 66.02        | 27.14         |
| Sale of DEPB licences              | 58.57        | 32.33         | -                              | -             | -  | -             | 58.57        | 32.33         |
| Purchase of fixed assets           | -            | 0.07          | -                              | -             | -  | -             | -            | 0.07          |
| Sale of fixed assets               | 2.43         | -             | -                              | -             | -  | -             | 2.43         | -             |
| CSR expenditure                    | -            | -             | -                              | -             | 600.00   | 100.00        | 600.00       | 100.00        |
| Rent paid                          | -            | -             | -                              | -             | 9.61   | 9.61          | 9.61         | 9.61          |
| Reimbursement of expenses paid     | -            | -             | -                              | -             | 0.22   | -             | 0.22         | -             |
| Reimbursement of expenses received | -            | 0.33          | -                              | -             | -  | -             | -            | 0.33          |

(₹ 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 |
| Dividend Paid                                  | -            | -             | -                              | -             | 4,045.18   | 2,200.12      | 4,045.18     | 2,200.12      |
| Receipt against corporate services agreement * | 99.65        | 91.00         | -                              | -             | -  | -             | 99.65        | 91.00         |
| Payment against licence agreement *            | -            | -             | -                              | -             | 136.91   | 115.61        | 136.91       | 115.61        |
| Interest paid                                  | -            | -             | -                              | -             | 268.05   | 203.73        | 268.05       | 203.73        |
| Interest received                              | 286.17       | 150.23        | -                              | -             | -  | -             | 286.17       | 150.23        |
| Rent received                                  | -            | 0.15          | -                              | -             | -  | -             | -            | 0.15          |
| Managerial remuneration                        | -            | -             | 1,326.40                       | 2,159.65      | -  | -             | 1,326.40     | 2,159.65      |
| Loan given (Including Opening Balance)         | 66,425.50    | 81,891.00     | 1.58                           | 3.15          | -  | -             | 66,427.08    | 81,894.15     |
| Loan received back                             | 63,870.93    | 80,544.50     | 1.58                           | 1.57          | -  | -             | 63,872.51    | 80,546.07     |
| Closing balance                                | 2,554.57     | 1,346.50      | -                              | 1.58          | -  | -             | 2,554.57     | 1,348.08      |
| Loan taken (Including Opening Balance)         | -            | -             | -                              | -             | 5,062.58   | 6,909.58      | 5,062.58     | 6,909.58      |
| Loan repayment                                 | -            | -             | -                              | -             | 5,062.58   | 5,304.00      | 5,062.58     | 5,304.00      |
| Closing balance                                | -            | -             | -                              | -             | -  | 1,605.58      | -            | 1,605.58      |
| Year end balance receivable                    | 0.49         | 0.23          | -                              | -             | 0.22   | 3.90          | 0.71         | 4.13          |

\*Excluding service tax

## List of other related parties:-

| Particulars                          | Nature of relationship       | Contribution paid (₹ In lacs) |         |
|--------------------------------------|------------------------------|-------------------------------|---------|
|                                      |                              | 2014-15                       | 2013-14 |
| Mahavir Employee Gratuity Fund Trust | Post-employment benefit plan | 143.69                        | 323.35  |
| Mahavir Superannuation scheme        | Post-employment benefit plan | 71.05                         | 64.13   |
| VYTL Gratuity Fund Trust             | Post-employment benefit plan | 6.73                          | 141.37  |
| VYTL Superannuation Fund Trust       | Post-employment benefit plan | 15.00                         | 16.95   |
| VAL Supperannation Scheme            | Post-employment benefit plan | 4.95                          | 3.44    |
| VMT Superannuation Scheme            | Post-employment benefit plan | 1.37                          | 1.50    |

## 37. Prior period items are as follows :-

(₹ in lac)

| Particulars                              | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
|--|-------------------------------------|-------------------------------------|
| Revenue From Operations                  | (55.53)                             | (17.77)                             |
| Other Income                             | (38.78)                             | (39.38)                             |
| Cost of Materials Consumed               | (15.14)                             | 93.20                               |
| Employee Benefits Expense                | 5.57                                | 16.00                               |
| Finance Costs                            | (74.73)                             | (14.15)                             |
| Other Expenses                           | 154.43                              | 140.26                              |
| <b>Net Prior period (Income)/Expense</b> | <b>(24.19)</b>                      | <b>178.16</b>                       |

## 38. Interest expense is net of interest income from :-

(₹ in lac)

| Particulars              | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
|--------------------------|-------------------------------------|-------------------------------------|
| (i) Related parties      | 336.01                              | 273.12                              |
| (ii) Current investments | 1489.48                             | 757.50                              |
| (iii) Banks & others     | 1657.08                             | 1476.17                             |

## 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  | For the year ended 31st March, 2015 | For the year ended 31st March, 2014 |
|--|-------------------------------------|-------------------------------------|
| Net Profit after tax & minority interest attributable to equity shareholders | 40,020.90                           | 71,834.56                           |
| <b>Total (A)</b>   | <b>40,020.90</b>                    | <b>71,834.56</b>                    |
| Weighted average number of equity shares (No in lac)                         | 625.18                              | 625.18                              |
| <b>Total (B)</b>   | <b>625.18</b>                       | <b>625.18</b>                       |
| <b>Basic earning per Share (₹) (A/B)</b>                                     | <b>64.02</b>                        | <b>114.90</b>                       |
| <b>Diluted earning per Share (₹) (A/B) *</b>                                 | <b>64.02</b>                        | <b>114.90</b>                       |
| Face value per equity share (₹)  | 10.00                               | 10.00                               |

\* There are no potential equity shares

40. The detail of Goodwill as on 31<sup>st</sup> March, 2015

(₹ in lac)

| Particulars   | As at 31st March, 2015 | As at 31st March, 2014 |
|---|------------------------|------------------------|
| Goodwill as per last account                                    | 1,325.87               | 1,538.76               |
| Less: adjusted against Capital Reserve on acquisition of shares | 66.69                  | 212.88                 |
| <b>Total</b>  | <b>1,259.18</b>        | <b>1325.87</b>         |

41. Depreciation for the year has been provided on Straight Line Method on the basis of useful lives specified in the Schedule-II of the Companies Act, 2013 as against the amount of depreciation calculated on the basis of rates of depreciation in respect of various assets contained in Schedule XIV to the Companies Act 1956. However, in case of Vardhman Yarns & Threads Limited, the management of the company has reassessed and revised wherever necessary the useful lives of the assets and depreciation for the year has been provided accordingly.

In view of this change, carrying amounts of various tangible fixed assets as at 1<sup>st</sup> April, 2014 of ₹6,514.49 lac (net of deferred tax of ₹1,322.20 lac) has been recognized in the opening balance of retained earnings where the useful life of an asset is nil. In other cases, the carrying amounts as at 1<sup>st</sup> April, 2014 have been depreciated over the revised remaining useful life of the asset as per Schedule II. The depreciation for the year is higher to the extent of ₹15,352.53 lac on account of this change and accordingly the profit for the year is lower by that extent.

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.

45. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures-

|   | Net Assets, i.e. total assets minus total liabilities |                   | Share in profit or loss             |                   |
|---|---|-------------------|-------------------------------------|-------------------|
|   | As % of consolidated net assets                       | Amount (₹ in Lac) | As % of consolidated profit or loss | Amount (₹ in Lac) |
| <b>Parent:</b>  |   |                   |                                     |                   |
| Vardhman Textiles Limited                               | 91.35%  | 3,08,338.01       | 89.73%                              | 35,911.35         |
| <b>Subsidiaries:</b>                                    |   |                   |                                     |                   |
| <b>Indian:</b>  |   |                   |                                     |                   |
| Vardhman Acrylics Limited                               | 9.52%   | 32,131.46         | 8.35%                               | 3,342.11          |
| Vardhman Nisshinbo Garments Company Limited             | 0.27%   | 897.73            | 0.04%                               | 14.82             |
| Vardhman Yarns and Threads Limited                      | 14.33%  | 48,380.23         | 18.00%                              | 7,204.40          |
| VMT Spinning Company Limited                            | 2.79%   | 9,409.37          | 0.70%                               | 279.41            |
| VTL Investments Limited                                 | 1.10%   | 3,723.29          | 0.77%                               | 306.56            |
| <b>Foreign:</b>   | NIL   | NIL               | NIL                                 | NIL               |
| <b>Minority Interests in all subsidiaries</b>           | 13.07%  | 44,101.95         | 11.36%                              | 4,544.47          |
| <b>Associates(Investment as per the equity method):</b> |   |                   |                                     |                   |
| <b>Indian:</b>  |   |                   |                                     |                   |
| Vardhman Special Steels Limited                         | 0.23%   | 771.42            | -1.19%                              | -474.83           |
| Vardhman Spinning and General Mills Limited             | 0.00%   | 6.85              | 0.00%                               | -0.19             |

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  
Chief Financial Officer

Sachit Jain  
Joint Managing Director

S.P. Oswal  
Chairman and  
Managing Director

Place : Ludhiana  
Dated: 8<sup>th</sup> May, 2015

Place : Ludhiana  
Dated : 8<sup>th</sup> May, 2015

FORM AOC-1, PURSUANT TO SECTION 129(3) OF COMPANIES ACT, 2013 RELATING TO SUBSIDIARY COMPANIES

Part A

(₹ In lacs)

| Particular   | VMT Spinning Company Limited | VTL Investments Limited | Vardhman Yarns & Threads Limited | Vardhman Acrylics Limited | Vardhman Nisshinbo Garments Company Limited |
|--|------------------------------|-------------------------|----------------------------------|---------------------------|---|
|  | Current Year                 | Current Year            | Current Year                     | Current Year              | Current Year                                |
| a) Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | N.A.                         | N.A.                    | N.A.                             | N.A.                      | N.A.  |
| b) Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | N.A.                         | N.A.                    | N.A.                             | N.A.                      | N.A.  |
| c) Capital   | 2,070.02                     | 400.00                  | 5,700.64                         | 9,300.78                  | 2,400.00                                    |
| d) Reserves  | 7,339.34                     | 3,323.29                | 42,679.59                        | 22,830.68                 | (1,502.27)                                  |
| e) Total Assets  | 13,970.65                    | 3,756.14                | 67,977.80                        | 42,978.15                 | 5,020.46                                    |
| f) Total Liabilities   | 13,970.65                    | 3,756.14                | 67,977.80                        | 42,978.15                 | 5,020.46                                    |
| g) Details of investment (Except in case of investment in the subsidiaries)  | 977.50                       | 3,136.73                | 13,199.48                        | 26,255.29                 | -   |
| h) Turnover (net)  | 16,722.67                    | 381.38                  | 69,662.43                        | 49,807.82                 | 4,707.35                                    |
| i) Profit before taxation  | 298.98                       | 374.06                  | 10,636.43                        | 4,461.49                  | 14.82                                       |
| j) Provision for taxation  | 19.57                        | 67.50                   | 3,432.03                         | 1,119.18                  | -   |
| k) Profit after Taxation   | 279.41                       | 306.56                  | 7,204.40                         | 3,342.11                  | 14.82                                       |
| l) Proposed dividend(including tax thereon)  | 250.32                       | -                       | 4,136.09                         | 1,124.70                  | -   |
| m) % of shareholding   | 89.44%                       | 100%                    | 51%                              | 70.01%                    | 51%   |

Statement pursuant to Section 129 (3) of the Companies Act, 2013  
related to Associate Companies and Joint Ventures

Part B

|   |  |
|---|--|
| Name of Associates  | Vardhman Special Steels Limited  |
| 1. Latest audited Balance Sheet Date  | 31.03.2015   |
| 2. Shares of Associate/Joint Ventures held by the company on the year end     |  |
| No.   | 58,25,000  |
| Amount of Investment in Associates/Joint Venture                              | 5,82,50,000  |
| Extend of Holding %   | 31.39%   |
| 3. Description of how there is significant influence                          | More than 20% shares of Vardhman Special Steels Limited are held by the Company. |
| 4. Reason why the associate/joint venture is not consolidated                 | -  |
| 5. Net worth attributable to Shareholding as per latest audited Balance Sheet | 53,28,25,739   |
| 6. Profit / Loss for the year:-   |  |
| i. Considered in Consolidation  | (4,74,82,506)  |
| ii. Not Considered in Consolidation   | -  |

|   |   |
|---|---|
| Name of Associates  | Vardhman Spining & General Mills Limited  |
| 1. Latest audited Balance Sheet Date  | 31.03.2015  |
| 2. Shares of Associate/Joint Ventures held by the company on the year end     |   |
| No.   | 25,000  |
| Amount of Investment in Associates/Joint Venture                              | 2,50,000  |
| Extend of Holding %   | 50%   |
| 3. Description of how there is significant influence                          | More than 20% shares of Vardhman Spining & General Mills Limited are held by the Company. |
| 4. Reason why the associate/joint venture is not consolidated                 | -   |
| 5. Net worth attributable to Shareholding as per latest audited Balance Sheet | 615,279.64  |
| 6. Profit / Loss for the year:-   |   |
| i. Considered in Consolidation  | (19,031)  |
| ii. Not Considered in Consolidation   | -   |

NOTICE

Notice is hereby given that the 42<sup>nd</sup> ANNUAL GENERAL MEETING of Vardhman Textiles Limited will be held on Friday, the 4<sup>th</sup> day of September, 2015 at 10.00 a.m. at the Registered Office of the Company situated at Chandigarh Road, Ludhiana, to transact the following businesses:-

**ORDINARY BUSINESS:**

- To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2015, Statement of Profit and Loss for the year ended on that date, together with Report of the Auditors and Directors thereon.
- To declare dividend on equity shares.
- To appoint a Director in place of Mr. Neeraj Jain (holding DIN No. 00340459), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
- To consider and ratify the appointment of Statutory Auditors of the Company for the financial year 2015-16 and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 and subject to approval by members of the Company, the appointment of M/s. S.C. Vasudeva & Co., Chartered Accountants, as the Statutory Auditors of the Company for a term of consecutive three years starting from conclusion of the 41<sup>st</sup> Annual General Meeting till the conclusion of 44<sup>th</sup> Annual General Meeting of the Company be and is hereby ratified at the 42<sup>nd</sup> Annual General Meeting of the Company at such remuneration as may be finalized by the Chairman and Managing Director of the Company.”

**SPECIAL BUSINESS:**

- To appoint Mr. Rajender Mohan Malla 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. Rajender Mohan Malla (DIN 00136657), who was appointed as an Additional Director of the Company 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 45<sup>th</sup> Annual General Meeting of the Company.”

- To ratify the remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2016:

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 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and Companies Cost Audit rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ramanath Iyer & Company, Cost Auditors, New Delhi appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2016, be paid the remuneration of ₹4,61,500/-.

RESOLVED FURTHER THAT Mr. S.P. Oswal, Chairman & Managing Director and Ms. Karan Kamal Walia, Company Secretary be and are hereby severally authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution.”

- To issue Non- Convertible Debentures (NCDs)/ Bonds:

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

“RESOLVED THAT pursuant to the provisions of Section 42 and 71 of the Companies Act, 2013 (‘the Act’), Rule 14(2) of Companies (Prospectus and Allotment of Securities) Rules, 2014, Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any, of the Act (including any statutory modifications or re-enactments thereof for the time being in force) and in accordance with the provisions of Securities and Exchange Board of India (Issue & Listing of Debt Securities) Regulations, 2008, the Rules, Regulations,

Guidelines and Circulars, as amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other approvals as may be required from regulatory authorities from time to time, the consent of the Members be and is hereby accorded to the Board of Directors/Committee of Directors to offer, issue and allot, in one or more tranches Secured or Unsecured Redeemable Non-convertible Debentures/Bonds on private placement basis or raise External Commercial Borrowings (ECB) for an amount not exceeding ₹300 crores (Rupees Three Hundred Crore only) on such terms and conditions and at such times at par or at such premium, as may be decided by the Board/Committee of Directors to such person or persons, including one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension/provident funds and individuals, as the case may be or such other person/

persons as the Board/Committee of Directors may decide so, however that the aggregate amount of funds to be raised by issue of Non-convertible Debentures/Bonds or ECB shall not exceed ₹300 crores.

RESOLVED FURTHER THAT in connection with the above, the Board/Committee of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto."

BY ORDER OF THE BOARD

Place: Ludhiana  
Dated: 5<sup>th</sup> August, 2015

(KARAN KAMAL WALIA)  
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, dividend as recommended by the Board of Directors, if declared at the meeting, will be dispatched/ remitted commencing from 5<sup>th</sup> September, 2015.

4. The Register of Members and the Share Transfer Books of the Company shall remain closed from 7<sup>th</sup> August, 2015 to 4<sup>th</sup> September, 2015 (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 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.

10. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their members electronically.

In support of the Green Initiative, your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance

Sheet, Statement of Profit & Loss and Director's Report etc and other communications in electronic form.

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

11. The Annual Report 2014-15 is being sent through electronic mode only to the members whose email addresses are registered with the Company/ Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2014-15 are being sent by permitted mode.

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 42nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for shareholders voting electronically are as under:

(i) The e-voting period commences on 1<sup>st</sup> September, 2015 (9:00 am) and ends on 3rd September, 2015 (5:00 pm). During this period shareholder's of the Company, holding shares either in physical form or

in dematerialized form, as on the cut-off date of 27<sup>th</sup> August, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after end of voting period on 3rd September, 2015. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

(iv) Click on Shareholders.

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

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

|  |   |
|--|---|
|  | For Members holding shares in Demat Form and Physical Form  |
| PAN  | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the the first two letters of their name and the 8 digits of the sequence number in the PAN field. Sequence number is printed on Attendance slip provided with the Annual report.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field</li> </ul> |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>  |



- (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: 150727011 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 changed 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 Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be

emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details 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](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (i) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 27th August, 2015 may follow the same instructions as mentioned above for e-Voting.
- (ii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
13. M/s. B.K. Gupta & Associates, Company Secretaries have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e voting process). The Scrutinizer shall upon 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 of the resolutions passed at the AGM of the Company will be declared within 48 working hours of conclusion of AGM. The results declared along with the Scrutinizer's report shall be simultaneously placed on the Company's website [www.vardhman.com](http://www.vardhman.com) and on the website of CDSL and will be 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: 5th August, 2015

(KARAN KAMAL WALIA)  
Company Secretary

## ANNEXURE TO THE NOTICE:

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

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

The Board of Directors of the Company in their meeting held on 5th August, 2015 had appointed Mr. Rajender Mohan Malla 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.

The Company has received requisite notice in writing from a member proposing appointment of Mr. Rajender Mohan Malla 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 45<sup>th</sup> Annual General Meeting of the Company.

The Company has also received consent from Mr. Rajender Mohan Malla 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. Rajender Mohan Malla is Independent of the management and in the opinion of the Board fulfills 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 of Mr. Rajender Mohan Malla is provided at the end of this statement.

The Board recommends the Ordinary Resolution as set out at item number 5 of the Notice for approval by the shareholders.

#### MEMORANDUM OF INTEREST:

None of the Directors/Key Managerial Personnel (KMP) of the Company/their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

#### ITEM NO. 6 OF THE SPECIAL BUSINESS:

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. Upon the recommendations of Audit Committee, the Board of Directors in its meeting held on 8th May, 2015 had appointed M/s. Ramanath Iyer & Co., 808, Pearls Business Park, Netaji Subhash Place, New Delhi as Cost Auditors of the Company to conduct Cost Audit for Financial Year ending 31<sup>st</sup> March, 2016.

Accordingly, the consent of the members is solicited for passing an Ordinary Resolution as set out at Item No. 6 of the notice for ratification of payment of remuneration to the Cost Auditors for the Financial Year ending 31<sup>st</sup> March, 2016. The Board commends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the shareholders.

#### MEMORANDUM OF INTEREST:

None of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

#### ITEM NO. 7 OF THE SPECIAL BUSINESS:

In order to fund its upcoming expansions and for meeting general financial requirements, the Board of Directors of the Company in its meeting held on 5th August, 2015 has, subject to the approval of Members in the General Meeting proposed to issue Redeemable Non-convertible Debentures/Bonds to various person(s) on private placement basis or raise External Commercial Borrowings (ECB) at such terms and conditions and at such price(s) in compliance with the requirements of regulatory authorities, if any and as may be finalized by the Board and/or Committee of Directors. The amount to be raised by way of issue of Redeemable Non-convertible Debentures/ Bonds on a private placement basis or ECB however shall not exceed ₹300 crores (Rupees Three Hundred crore only) in aggregate. It may be noted that Rule 14(2) of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with

Section 42 of the Companies Act, 2013, allows a Company to pass a previous special resolution once in a year for all the offer or invitation for Redeemable Non-convertible Debentures/Bonds to be made through a private placement basis in one or more tranches. The consent of the Members is therefore sought in connection with the aforesaid issue of debentures/bonds or raising ECB from time to time and they are requested to authorize the Board (including any Committee of the Board) to issue Non Redeemable Non-convertible Debentures/Bonds

on private placement basis or raise ECB upto ₹300 crore as stipulated above, in one or more tranches.

The Board recommends the Special Resolution set forth in Item No. 7 of the Notice for approval of the Members.

**MEMORANDUM OF INTEREST:**

None of the Directors/ Key Managerial Personnel (KMP) of the Company/ their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

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

|   |   |   |
|---|---|---|
| <b>Name of the Director</b>   | Mr. Neeraj Jain   | Mr. Rajender Mohan Malla  |
| <b>Date of Birth</b>  | 09.10.1967  | 15.05.1953  |
| <b>Date of Appointment</b>  | 17.07.2010  | 05.08.2015  |
| <b>Expertise in specific functional area</b>  | Business Executive having experience of more than 23 years in Textile Industry.   | Eminent Banker having rich experience in banking and finance field. |
| <b>Qualification</b>  | B.Com, C.A.   | M.Com, MBA (Finance), CAIIB.  |
| <b>Directorships of Other Companies as on 31<sup>st</sup> March, 2015</b>                 | 1. VMT Spinning Company Limited.<br>2. Vardhman Nishinbo Garments Company Limited<br>3. Vardhman Apparels Limited<br>4. Vardhman Textile Components Limited<br>5. Vardhman Spinning and General Mills Limited | Smera Ratings Limited   |
| <b>Chairman/Member of Committees of Other Companies as on 31<sup>st</sup> March, 2015</b> | Audit Committee:<br>VMT Spinning Company Limited  | NIL   |
| <b>Shareholding in the Company</b>  | -   | -   |
| <b>Relationship with other Director(s)</b>  | Not related to any Director   | Not related to any Director   |

## Corporate Information

### Board of Directors

Mr. Shri Paul Oswal  
Chairman & Managing Director  
Mr. S. Khatanhar  
Nominee of IDBI  
Mr. Prafull Anubhai

Dr. Subash Khanchand Bijlani  
Mr. Ashok Kumar Kundra  
Mr. Darshan Lal Sharma  
Mr. Devendra Bhushan Jain  
Mr. R. M. Malla - Additional Director

Mr. Shravan Talwar  
Mrs. Suchita Jain  
Mr. Sachit Jain - Joint Managing Director  
Mr. Neeraj Jain - Joint Managing 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 Textiles (Unit II), 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, 3<sup>rd</sup> 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
- 1<sup>st</sup> 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

Vardhman Textiles Limited  
Chandigarh Road, Ludhiana – 141 010  
CIN: L17111PB1973PLC003345

**VARDHMAN TEXTILES LIMITED**

CIN: L17111PB1973PLC003345

Regd. Office: Chandigarh Road, Ludhiana-141 010, Punjab (INDIA)

Phone No.: (0161) - 2228443-48; Fax: (0161) 2220766

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

**ATTENDANCE SLIP  
E-VOTING PARTICULARS****42<sup>nd</sup> ANNUAL GENERAL MEETING****2015**

I/We hereby record my presence at the 42<sup>nd</sup> Annual General Meeting of Vardhman Textiles Limited being held at the Registered Office of the Company situated at Chandigarh Road, Ludhiana-141 010 on Friday, the 4<sup>th</sup> day of September, 2015 at 10:00 a.m.

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

Member's /Proxy's name in Block Letters

Member's/Proxy's Signature

**Note:**

- Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the meeting hall.
- Electronic copy of the Annual Report for 2014-15 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
- Physical copy of the Annual Report for 2014-15 and Notice of the Annual General Meeting alongwith Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

**ELECTRONIC VOTING PARTICULARS**

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

**NOTE :** Please read instructions given at Point No. 12 of the Notice of 42<sup>nd</sup> Annual General Meeting annexed in the Annual Report for 2014-15 of the Company, carefully before voting electronically.

**VARDHMAN TEXTILES LIMITED**

CIN: L17111PB1973PLC003345

Regd. Office: Chandigarh Road, Ludhiana-141 010, Punjab (INDIA)

Phone No.: (0161) - 2228443-48; Fax: (0161) 2220766

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

**PROXY FORM**

[pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42<sup>nd</sup> Annual General Meeting of the Company, to be held on Friday, the 4<sup>th</sup> day of September, 2015 at 10:00 a.m. at the Registered Office of the Company situated at Chandigarh Road, Ludhiana-141 010 and at any adjournment thereof in respect of such resolutions as are indicated below:-

| Resolution No.             | RESOLUTIONS   |
|----------------------------|---|
| <b>Ordinary Business :</b> |   |
| 1.                         | Adoption of Financial Statements, Reports of Directors and Auditors of the Company for the financial year ended 31 <sup>st</sup> March, 2015. |
| 2.                         | Declaration of dividend on equity shares.   |
| 3.                         | Re-appointment of Mr. Neeraj Jain, Director, who retires by rotation.   |
| 4.                         | Ratification of the appointment of Statutory auditors of the Company for the financial year 2015-16 and to fix their remuneration.            |
| <b>Special Business :</b>  |   |
| 5.                         | To appoint Mr. Rajender Mohan Malla as Independent Director of the Company.   |
| 6.                         | Ratification of Remuneration to the Cost Auditor for the financial year ended 31 <sup>st</sup> March, 2016.                                   |
| 7.                         | To issue non-convertible debentures/bonds.  |

Signed this .....day of.....2015.

Signature of shareholder ..... Signature of Proxy holder(s) .....

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

Affix Revenue  
Stamp not  
less than  
Rs. 0.15