



29th Annual Report  
2012-2013

**VARDHMAN INDUSTRIES LIMITED**



## VARDHMAN INDUSTRIES LIMITED

### BOARD OF DIRECTORS

Mr. Kapil Kumar Jain	Chairman
Mr. Rahul Jain	Managing Director
Mr. Vikram Jain	Director
Mr. Suresh Gupta	Director
Mr. Ashok Kumar Jain	Director
Mr. Ashwani Kumar	Director
Mr. Surinder Kumar Vig	Director

### AUDITORS

M/s Raj Gupta & Co.  
Chartered Accountants  
549/10, Sutlej Tower, Opp. Petrol Pump,  
Near Fountain Chowk, Ludhiana -141 001

### BANKERS

State Bank of India  
Punjab National Bank  
IDBI Bank Limited  
Allahabad Bank

### REGISTERED OFFICE

2nd Floor, Jeevan Deep Building,  
Parliament Street,  
New Delhi-110 001.

### ADMINISTRATIVE OFFICE

G. T. Road, Pawa, Sahnewal,  
Ludhiana - 141 120 (Punjab)

### WORKS

- |  |   |
|--|---|
| (i) G.T. Road, Pawa, Sahnewal,<br>Ludhiana - 141 120 (Punjab)      | (ii) G. T. Road, Village Beoprora,<br>Tehsil Rajpura, Distt. Patiala (Punjab) |
| (iii) G.T. Road, Nandpur, Sahnewal,<br>Ludhiana - 141 120 (Punjab) |   |

CONTENTS	Page Nos.
Notice	1
Directors' Report	2-11
Auditors' Report	12-13
Balance Sheet	14
Statement of Profit and Loss	15
Cash Flow Statement	16
Notes on Financial Statements	17-26
Auditors' Report on Consolidated Results	27
Consolidated Balance Sheet	28
Consolidated Statement of Profit and Loss	29
Consolidated Cash Flow Statement	30
Consolidated Notes on Financial Statements	31-40



## VARDHMAN INDUSTRIES LIMITED

### NOTICE

Notice is hereby given that the 29th Annual General Meeting of the members of Vardhman Industries Limited will be held on Monday, the 30th September, 2013 at 1.30 P.M. at AF 1&2, First Floor, 2-Jaisav Place, 5006, Hamdard Marg, Hauz Qazi, Delhi-110 006 to transact the following business:-

#### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, Statement of Profit and Loss for the year ended on that date together with the Reports of Auditors and Directors thereon.
2. a) To appoint a Director in place of Mr. Kapil Kumar Jain, who retires by rotation and being eligible offers himself for reappointment.  
b) To appoint a Director in place of Mr. Suresh Gupta, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Sd/-

(RAHUL JAIN)

MANAGING DIRECTOR

PLACE : LUDHIANA

DATED : 14.08.2013

#### NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and the proxy need not be a member of the company. Proxy Form, in order to be effective, must be delivered at the Regd. office of the Company atleast 48 hours before the scheduled time of the meeting. The blank Proxy Form is enclosed.
2. The Register of Members and Share Transfer Books of the company will remain closed from Wednesday, the 25th day of September, 2013 to Monday, the 30th day of September, 2013 (both days inclusive).
3. Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Share Transfer Agents of the company. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants (DPs).
4. Members who have not encashed the dividend warrants for dividend declared by the Company for the year 2009-2010, 2010-2011 and 2011-2012 are requested to make their claims to the Company. Otherwise after seven years from the date of declaration, the unclaimed dividend amount shall be transferred to Investor Education and Protection Fund as per section 205A (5) of the Companies Act, 1956.
5. Members are requested to send their queries on the accounts, if any, so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have relevant information ready at the meeting.
6. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.
7. Members may also note that the equity shares of the company have been included in the list of securities for compulsory trading in dematerialised form under ISIN No. INE458 E 01014. Shareholders are, therefore, advised to dematerialise their shareholding to avoid inconvenience in future. They are requested to send their Dematerialisation Request Form (DRF) through their Depository Participant (DP).
8. The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, respectively, taken a 'Green Initiative in Corporate Governance', by allowing paperless compliances through electronic mode, allowing to send documents such as Notice convening General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report, etc. and any other Notice/Documents, henceforth in electronic form in lieu of the paper form.

We strongly urge you to support your Company's concern for this 'Green Initiative' by opting for electronic mode of communication. You are requested to please register your e-mail ID with your Depository Participant (DP), if you hold the Company's shares in electronic form, under intimation to the Registrar & Share Transfer Agents through your registered e-mail ID. However, if you hold the shares in physical form then you may register your e-mail ID with Registrar & Share Transfer Agents of the Company by sending a letter under your Registered Signature at the below mentioned address:

#### Mas Services Limited

T-34, 2nd Floor, Okhla Industrial Area, Phase- II, New Delhi- 110020

Phone: 011-26387281-83, Fax : 011- 26387384, E-mail: mas\_serv@yahoo.com

By order of the Board of Directors

Sd/-

(RAHUL JAIN)

MANAGING DIRECTOR

PLACE : LUDHIANA

DATED : 14.08.2013



## VARDHMAN INDUSTRIES LIMITED

### DIRECTORS' REPORT

To

The Members,

We have pleasure in presenting the 29th Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31st March, 2013:

#### FINANCIAL RESULTS

	(₹ in Lacs)	
	CURRENT YEAR	PREVIOUS YEAR
<b>Revenue from operations and other operating income</b>	<b>38307.67</b>	38317.43
Profit before Interest, Depreciation and Tax	<b>2189.84</b>	2790.36
Less: Finance Cost	<b>1161.83</b>	995.51
<b>Cash Profit before Tax</b>	<b>1028.01</b>	1794.85
Less:		
Provision for Depreciation	<b>671.54</b>	567.16
Taxes : Current Tax	--	203.97
Deferred Tax	<b>125.04</b>	273.07
<b>Profit after Tax</b>	<b>231.43</b>	750.65
Add:		
Balance b/f from Previous Year	<b>5825.65</b>	5191.76
<b>Profit available for appropriations</b>	<b>6057.08</b>	5942.41
<b>Appropriations</b>		
Proposed Dividend	--	78.95
Tax on dividend	--	12.81
Transferred to General Reserve	<b>25.00</b>	25.00
Surplus Carried to Balance Sheet	<b>6032.08</b>	5825.65
	<b>6057.08</b>	5942.41

#### OPERATIONS:

During the year under report, your Company recorded a marginally lower gross revenue and operating income of ₹38307.67 lacs as compared to ₹38317.43 lacs in the previous year. Profit before interest, depreciation and tax is placed at ₹2189.84 lacs as compared to ₹2790.36 lacs of the previous year representing a fall of over 21 %. Profit after tax has fallen sharply from ₹750.65 lacs in previous year to ₹231.43 lacs.

In the last financial year, the over all growth was flat and the margins were very low due to macro economic challenges of the economy particularly in the Iron and Steel Industry. Due to this low economic growth and stiff competition input costs increased and on the other hand, sales prices declined which has resulted in drastic fall in profitability of the Company. Further, the performance of your company needs to be viewed in the backdrop of the Indian economy having, for FY 2012-13, one of the lowest GDP growth rates for more than a decade. Your management is seized of the matter and making all out efforts to improve the performance of the Company. It is exploring the possibility of adding certain new clients pertaining to white goods sector for which our product is a import substitute.

#### EXPORTS:

The Board hereby inform you that due to continued slow down in the industry in general and in Iron and Steel Industry in particular and despite all efforts made by the management for exports of its products, the company's exports have declined from ₹8449.02 lacs to ₹6210.73 lacs. The share of exports to Net Sales declined from 22.05% in 2011-12 to 16.22% in 2012-13. The company has continued to exports its production in various countries such as Burkina, Somalia, Mozambique, Jambia, Zimbabwe and Angola and the management is quite hopeful that in future it will be able to achieve improved results on Export Front.

#### SUBSIDIARY COMPANY:

In line with the vision of the management and keeping in view long term viability, your company has set up a Tinplate unit through its subsidiary Vallabh Tinplate Private Limited (VTPL). It is a forward integration for the products of your company. Tinplate, a value added flat steel product, is a versatile packaging substrate used in edible oils, paints, processed foods, beverages and other industries. Against the estimated domestic consumption of approximately five lacs tonnes, 40% is met through imports; and VTPL is confident of capturing this market share, as an import substitute product, without affecting the competitors. The unit started operations during financial year 2012-13 and achieved Net Sales of ₹95.56 crores. This unit with an installed capacity of 60,000 TPA is expected to give a turnover of around ₹300 crores at 85% capacity during the current financial year.



## VARDHMAN INDUSTRIES LIMITED

The consolidated financial statements presented by the Company include financial information of its subsidiary prepared in compliance with applicable Accounting Standards. The Ministry of Corporate Affairs, Government of India vide its circular no. 5/12/2007-CL-III dated 8th February, 2011 has granted general exemption under section 212 (8) of the Companies Act, 1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary companies to the Balance Sheet of the Company provided certain conditions are fulfilled. Accordingly, Annual accounts of the subsidiary Company and the related detailed information will be made available to the parent and subsidiary company's investors seeking such information at any point of time. The annual accounts of the subsidiary company will also be kept for inspection by any investor at registered/administrative offices of the company and its subsidiary.

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO VALLABH TINPLATE PRIVATE LIMITED :

Financial Year ending of the Subsidiary	Number of Shares held & Face Value	Extent of Holding	For Financial Year of the Subsidiary	
			Profit/(Losses) so far it concerns the members of the Holding Company and not dealt with in the books of accounts of the Holding Company (Except to the extent dealt within Col.5)	Profit/(Losses) so far it concerns the members of the Holding Company and dealt with in the books of accounts of the Holding Company
(1)	(2)	(3)	(4)	(5)
31.03.2013	65,10,000 Equity shares of ₹10/- each	50.08%	₹53,75,944	Nil

### STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO VALLABH TINPLATE PRIVATE LIMITED :

(₹ in lacs)

Particulars	Current Year	Previous Year
Capital	1300.00	822.00
Reserves	124.52	17.17
Total Assets	15792.60	10271.33
Total Liabilities	14368.08	9208.08
Capital work in progress included in total Assets	105.36	7911.85
Investment included in total Assets	15.00	15.00
Turnover (Net)	9556.25	--
Profit before Taxation	161.20	--
Provision for Taxation		
- Current Tax	32.25	--
- MAT Credit Entitlement	(32.25)	--
- Deferred Tax	53.85	--
Profit after Taxation	107.35	--
Proposed Dividend	--	--

#### DIVIDEND:

With a view to conserve resources for future requirements of the Company, your directors have not recommended any dividend for the year under consideration.

#### LISTING OF SHARES:

The Equity Shares of the Company are listed at BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The company has duly paid the listing fee to BSE Limited, Mumbai upto the Financial Year 2013-14.

#### FIXED DEPOSITS:

During the year, your Company has not accepted any fixed deposits within the meaning of Section 58 A of the Companies Act, 1956 and the Rules made thereunder.



## **VARDHMAN INDUSTRIES LIMITED**

### **DIRECTORS:**

Mr. Kapil Kumar Jain and Mr. Suresh Gupta, Directors of the company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

### **CORPORATE GOVERNANCE:**

Your company has been practicing the principle of good Corporate Governance over the years. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

Corporate Governance and Management Discussion and Analysis Reports along with Certificate of the Auditors of your company pursuant to clause 49 of the Listing Agreement with the Stock Exchange has been included in the report as Annexure-I.

### **AUDITORS:**

M/s Raj Gupta & Co., Chartered Accountants, Auditors of the company, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment. They have furnished a certificate to the effect that their re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the companies Act, 1956.

### **AUDITORS' REPORT:**

The Auditors' Report read with the relevant notes on accounts for the year under review is self explanatory and do not call for any further comments as there are no adverse remarks in the Auditors' Report.

### **AUDIT COMMITTEE:**

Presently the constituent members of the Audit Committee are Mr. Suresh Gupta, Mr. Surinder Kumar Vig, Mr. Ashwani Kumar and Mr. Ashok Kumar Jain. Mr. Suresh Gupta is the Chairman of the said Committee. The statutory auditors and internal auditors are the permanent invitees to the audit committee meetings. The Committee met five times during the year under review.

### **COST AUDITORS:**

The Board of Directors has appointed M/s. Meenu & Associates, Cost Accountants, Ludhiana as the Cost Auditors of the Company under Section 233 B of the Companies Act, 1956 for which application to the Central Government has already been made seeking approval for appointment of Cost Auditors to conduct audit in respect of all the Units of the Company for the financial year 2013-14.

The Cost Audit Report for the financial year 2012-13 will be filed with the Central Government as per provisions of the Companies Act, 1956.

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

Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure-II forming part of this report.

### **PERSONNEL AND INDUSTRIAL RELATIONS:**

The Management - Employees relations remained cordial throughout the year. The results achieved during the year have been possible only with the dedication and hard work at all levels of workers, staff and executives of the Company.

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the companies (Particulars of Employees) rules, 1975 as amended:

None of the employees of the Company is receipt of remuneration in excess of ₹60.00 lacs per annum or ₹5.00 lacs per month during the year under review and as such the information under this head is NIL.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Director's responsibility Statement pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 is given in Annexure-III forming part of this report.

### **ACKNOWLEDGEMENT**

Your Directors take this opportunity to express their sincere thanks and appreciation to the team of executives, staff members and workers at all levels for their co-operation, hard work, dedication and devotion. Our thanks are also due to the Bankers, Financial Institutions, Government Authorities and other Business Constituents for their continued support and co-operation extended from time to time to the Company.

**By order of the Board of Directors**

**Place : Ludhiana  
Date : 14.08.2013**

**Sd/-  
(KAPIL KUMAR JAIN)  
Chairman**

**Sd/  
(RAHUL JAIN)  
Managing Director**



**ANNEXURE - I TO THE DIRECTORS' REPORT  
CORPORATE GOVERNANCE REPORT**

**(1) MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**(a) Industry Structure and Development:**

Your Company is engaged in the manufacturing and marketing of Steel Ingots and G.P.G.C. Sheets and coils which fall within the single segment of "Iron & Steel Industry."

In the last financial year the overall growth was flat and the margins were very low due to macro economic challenges of the economy particularly in the Iron and Steel Industry. Due to this low economic growth and stiff competition input costs increased but on the other hand, sales prices declined which has resulted in drastic fall in profitability of the Company. Your management is seized of the matter and making all out efforts to improve the performance of the Company by optimum utilisation of resources.

**Outlook for 2013-14:**

With the slowing growth of the Indian Economy, the outlook does not remain very positive. Further concerns remain on account of rising inflation coupled with tightening liquidity resulting in higher rate of interest on Bank borrowings. Economic activity is expected to take a step downward with GDP expected to grow at around 5-6% in the current financial year 2013-14 which does not augur well for the industry in general.

**(b) Company's Performance:**

The Gross turnover of the Company during the year 2012-13 was ₹38307.67 lacs as against ₹38317.43 lacs in the previous year. The net profit after tax has declined sharply from ₹750.65 lacs to ₹231.43 lacs in the previous year.

**(c) Dividend:**

Your directors are constrained not to recommend any dividend on equity shares for the period under review for conserving resources to strengthen the financials of the company for its immediate requirements.

**(d) Outlook: Opportunity, Threats, Risks & Concerns:**

The Iron & Steel Industry as a whole continues to witness erratic trends. The diversified product mix, expected economies of scale, highly responsive market conditions both in domestic and overseas markets, give the management surety for having optimistic outlook for substantial growth in the operating performance of your company in near future despite the current year not looking so promising. The growth of steel industry will also depend upon Government's spending in various sectors of the economy such as infrastructure and construction etc.

1. Any adverse conditions of user sector to which it caters, thus adversely affecting the demand.
2. Quantitative restrictions and/or additional tariffs of exports from India by importing countries.
3. Unpredictable and sharp cyclical movements in the raw material and other input prices.
4. Any change in Govt. policies pertaining to steel industry may affect the profitability of the company.

The opportunities of growth for your company as detailed below are manifold in view of its Strengths which may also counter the above concerns:-

1. It is expected that better trends will emerge and may improve also in the times ahead. Your company by virtue of quality and market oriented specification of its products have posted profitable operations during the most trying times in the past notwithstanding minor declines. As such current conditions may pave way for improved performance in future.
2. Well established customers base for different products for the last over 28 years.
3. Your company's recently adopted strategy of taking its products to new markets in India and abroad has been a great success. Encouraging feedback from overseas customers gives optimism of momentum for its growth.
4. Your Company is fully poised to reap the benefits of economies of scale and it will be in a better position to negotiate raw material prices on long term bulk lifting basis & definite savings on overheads will bring down the cost per unit of production and lead to higher profitability.
5. Your Company has strategic advantage, as its units are located in the industry friendly area having all infrastructural facilities.

**e) Internal Control systems and their adequacy :**

Your company has adequate internal control systems commensurate with its size and nature of business to ensure efficient utilisation and protection of assets, compliance with statutes and proper recording of all transactions. In addition, the company has engaged M/s Gupta Sanjeev & Co., Chartered Accountants as external independent agency to conduct internal audit of the affairs of your company who submit periodical reports for the management to take corrective action required, if any.



## VARDHMAN INDUSTRIES LIMITED

The company has also an Audit Committee constituted pursuant to the provisions of Clause 49 of Listing Agreement as well as under section 292A of the Companies Act, 1956 which reviews internal control system of the company from time to time besides looking into other areas in its scope.

**(f) Risk Management :**

The company is exposed to various normal business risks such as risks from market fluctuations of foreign exchange, interest rates, prices of raw materials and finished goods and natural vagaries.

Business risk evaluation and management is an ongoing process within the Company. During the year under review, a detailed exercise on "Risk Assessment and Management" was carried out covering the entire gamut of business operations and the Board was informed of the same.

**(g) Cautionary statement :**

Statement in the Management Discussion and Analysis describing the company's objectives, projections, estimates, expectations or predictions, may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

**(2) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :**

Your company is committed to the attainment of highest level of transparency, integrity, accountability and equity in all dealings with shareholders, employees, lenders, government and other business constituents in pursuit of its overall organisational goals.

In pursuance of the above, the Board of directors has constituted committees to implement its policies and guidelines and has set up adequate review systems for exercising effective management control and ensuring compliance of laws.

There is adequate representation of independent directors on the Board. We believe in timely and transparent disclosure of information.

Our focus on sustainable growth, productivity improvement, commitment to quality, self-discipline, value of time, safety in operations and total customers satisfaction is unrelenting.

The company will continue its efforts towards raising the standards in Corporate Governance and will also review its systems and procedures constantly in pace with the changing economic environment from time to time as it feels that the Corporate Governance should be need based and is not seen only as an issue of compliance directed by statutory requirements.

**(3) BOARD OF DIRECTORS :**

**(a) Board Meetings :**

During the financial year 2012-13, twenty one board meetings were held on 30.04.2012, 01.05.2012, 09.05.2012, 15.05.2012, 18.06.2012, 21.06.2012, 20.07.2012, 14.08.2012, 03.09.2012, 11.09.2012, 15.09.2012, 28.09.2012, 12.10.2012, 12.11.2012, 24.11.2012, 14.12.2012, 22.12.2012, 11.01.2013, 31.01.2013, 14.02.2013 and 11.03.2013.

**(b) Composition:**

The Board presently comprises of seven directors of which four are independent non-executive directors.

The details of the Board composition, attendance of directors at Board Meetings and their other directorships are given below:

Sr. No.	Name of Director	Designation	Category	No. of Board Meetings Attended	Attendance at last AGM	Total No. of Directorships in Public Companies		No. of Committee positions in Public Companies	
						Chairman	Member	Chairman	Member
1	Mr. Kapil Kumar Jain	Chairman	Promoter	21	Yes	3	1	--	2
2	Mr. Rahul Jain	Managing Director	Promoter	21	No	--	4	--	--
3	Mr. Vikram Jain	Director	Promoter	21	No	--	3	--	--
4	Mr. Suresh Gupta	Director	Independent	21	Yes	--	2	2	1
5	Mr. Ashwani Kumar	Director	Independent	11	No	--	7	3	4
6	Mr. Surinder Kumar Vig	Director	Independent	12	Yes	--	5	1	2
7	Mr. Ashok Kumar Jain	Director	Independent	13	Yes	--	3	--	1



**(c) Information of Directors being re-appointed**

A brief resume of the directors being reappointed at the ensuing Annual General Meeting is furnished below:

1. Mr. Kapil Kumar Jain aged about 63 years is a commerce Graduate and has an experience of over 39 years in Business and Industry. He is also Chairman & Managing Director on the Board of Vallabh Steels Limited, Chairman on the Board of Vallabh Textiles Company Limited & Vallabh Tinplate Private Limited and Director on the Boards of Vallabh Steel East Limited, Adhinath Investments Private Limited & Vallabh Polyvin Private Limited.
2. Mr. Suresh Gupta aged about 47 years is a Chartered Accountant by profession and is the member of the Institute of Chartered Accountants of India. He has an experience of over 25 years in profession. He is also a Director on the Boards of Vallabh Textiles Company Limited and Checkmate Vallabh Geosynthetics Private Limited.

**(d) Audit Committee:**

The Audit Committee of the Board of Directors of the company, inter-alia, provides assurance to the Board on the adequacy of the internal control system and financial disclosures. The Audit Committee of the company has been constituted in line with Clause 49 of the Listing Agreement and also as per the Companies Act, 1956 comprising of Mr. Suresh Gupta, Mr. Ashwani Kumar, Mr. Surinder Kumar Vig and Mr. Ashok Kumar Jain with Mr. Suresh Gupta as its chairman. All these members are non-executive directors of the Company.

The Statutory Auditors i.e. Raj Gupta & Co. and Gupta Sanjeev & Co., the Internal Auditors are permanent invitees to this committee. The terms of reference of the Audit Committee are as contained in Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

The Audit Committee met five (5) times on 15.05.2012, 14.08.2012, 03.09.2012, 12.11.2012 and 14.02.2013. All the members of the Committee attended all the meetings alongwith Statutory Auditors and Internal Auditors as invitees.

**(e) Remuneration Committee:**

The Company has constituted Remuneration Committee in line with Schedule XIII of the Companies Act, 1956 and clause 49 of the Listing Agreement. The remuneration committee comprises of three members namely Mr. Ashwani Kumar, Mr. Surinder Kumar Vig and Mr. Suresh Gupta with Mr. Suresh Gupta as its Chairman.

All these members are non-executive independent Directors of the Company. No meeting of Remuneration Committee was held during the financial year 2012-2013.

**(4) DIRECTORS' REMUNERATION:**

The company pays remuneration to the Managing Director as approved by the members of the company in the general body meeting. The details of remuneration paid to him during the year 2012-13 is given below:

(Amount in ₹)

NAME	DESIGNATION	SALARY	PERKS	TOTAL
Mr. Rahul Jain	Mg. Director	30,00,000/-	1,74,447/-	31,74,447/-

The above appointment is on contractual basis.

Non-executive independent directors have not been paid any remuneration during 2012-13.

**(5) SHAREHOLDERS GRIEVANCE COMMITTEE:**

The company has Shareholders Grievance Committee under the chairmanship of Mr. Surinder Kumar Vig and other members being Mr. Kapil Kumar Jain, Mr. Ashwani Kumar and Mr. Suresh Gupta. The compliance officer of this committee is Mr. Pawan Maggu. The quorum for the meeting is two directors and the committee meets frequently to dispose off investors' complaints/requests as well as for transfer etc. of shares. During the year 2012-13 the committee met 20 times.

During the year 2012-13, the company received very few complaints/requests comprising of non-receipt of annual report, demat queries/requests and requests for transfers and demat etc. & all the complaints were duly resolved and requests duly complied with, within a period of about 15 days. There was no pendency in respect of shares received for transfers/dematerialisation.



## VARDHMAN INDUSTRIES LIMITED

**(6) (a) GENERAL BODY MEETINGS:**

The details of last three Annual General Meetings (AGMs) are as follows:-

MEETING	DAY, DATE & TIME OF MEETING	VENUE	NO. OF SPECIAL RESOLUTIONS PASSED
28th AGM	Friday, 28.09.2012, 1.30 PM	M4ii, Mahendru Enclave, Main G.T. Karnal Road, Mehfil Complex, Delhi	Nil
27th AGM	Friday, 30.09.2011, 1.30 PM	M4ii, Mahendru Enclave, Main G.T. Karnal Road, Mehfil Complex, Delhi	1
26th AGM	Wednesday, 15.09.2010, 1.30 PM	M4ii, Mahendru Enclave, Main G.T. Karnal Road, Mehfil Complex, Delhi	1

**(b) EXTRA ORDINARY GENERAL MEETING:**

During the year under review, no Extra Ordinary General Meeting was held.

**(c) RESOLUTION PASSED DURING THE FINANCIAL YEAR 2012-13 THROUGH POSTAL BALLOT:**

No resolution was passed by postal ballot during the financial year 2012-13.

**(7) CODE OF CONDUCT:**

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management Personnel. The said code has been communicated to the directors and members of the Senior Management.

**(8) DISCLOSURES:**

During the period under review, there was no material significant transaction with the promoters, directors, management, their relatives etc. that may have potential conflict with the interest of the company at large.

There has not been any non-compliance by the company in respect of which penalties or strictures have been imposed by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years. The company has not issued any GDRs/ADRs/Warrants and there are no warrants or convertible instruments pending as on 31.03.2013.

**(9) MEANS OF COMMUNICATION:**

The Company communicates with the shareholders at large through its Annual report, publication of financial results in English and Vernacular Newspapers and by filing reports and returns with the statutory bodies like Stock Exchange and the Registrar of Companies.

The financial results and shareholding pattern of the company are also available at the Company's Web-site viz. [www.vallabhgroup.com](http://www.vallabhgroup.com).

**(10) GENERAL INFORMATION FOR SHAREHOLDERS :**

**(i) 29th Annual General Meeting:**

**Date and Time** : Monday, the 30th September, 2013 - 1.30 PM.  
**Venue** : AF 1&2, First Floor, 2-Jaisav Place,  
5006, Hamdard Marg, Hauz Qazi,  
Delhi-110 006

**(ii) Financial Calender 2013-14**

**First Quarter Results** : By middle of August, 2013  
**Second Quarter Results** : By middle of November, 2013  
**Third Quarter Results** : By middle of February, 2014  
**Fourth Quarter Results** : By middle of May, 2014  
**Annual Results 2013-14** : In the month of May, 2014

**(iii) Date of Book Closure** : Wednesday, the 25th September, 2013 to  
Monday, the 30th September, 2013 (both days inclusive).

**(iv) Listing** : The company's shares are listed on the BSE Limited at Mumbai.

**(v) Stock Code** : **Stock Exchange** **Code**  
Mumbai 513534



## VARDHMAN INDUSTRIES LIMITED

### (vii) Stock Market Data :

The month wise highest & lowest closing prices vis-a-vis BSE sensx during the financial year 2012-13 are given as follows:

Financial Year 2012-13	Closing Share prices of the Company at BSE		BSE Sensx	
	High (₹)	Low (₹)	Highest	Lowest
April, 2012	35.60	30.10	17664.10	17010.16
May, 2012	34.00	26.00	17432.33	15809.71
June, 2012	30.70	24.65	17448.48	15748.98
July, 2012	42.95	28.50	17631.19	16598.48
August, 2012	40.50	29.65	17972.54	17026.97
September, 2012	38.80	28.85	18869.94	17250.80
October, 2012	35.40	30.75	19137.29	18393.42
November, 2012	35.85	28.85	19372.70	18255.69
December, 2012	33.10	28.65	19612.18	19149.03
January, 2013	49.50	30.50	20203.66	19508.93
February, 2013	40.50	32.15	19966.69	18793.97
March, 2013	42.50	33.85	19754.66	18568.43

### (viii) Dematerialisation of Shares, Registrar & Transfer Agents & Share Transfer system:

The equity shares of the company are available for dematerialisation through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The International Securities Identification Number (ISIN) is INE 458 E 01014.

M/s Mas Services Limited, having its office at T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 as Registrar and Share Transfer Agents (RTA) being a Common Agency for Physical and Electronic modes.

The dematerialised shares are directly transferred to the beneficiaries through the depositories. 6868964 equity shares comprising of 87.00% of the total equity shares of the company are in dematerialised form as on 31.03.2013. Out of a total of 8578 shareholders 3237 shareholders representing 37.74% have got their shares dematerialised as on 31.03.2013.

The process of transfer/transmission/transposition etc. of equity shares in physical form including dispatch of the share certificates is completed by RTA within a period of 15 days if the documents are in order in all respects.

The Shareholders Grievance Committee specifically looks into the redressal of shareholders complaints like transfer of equity shares and related matters.

### (ix) Distribution of Shareholding as on 31.03.2013:

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Number	% to Total
Up to 500	8195	95.53	1051761	13.32
501 to 1000	185	2.16	155162	1.97
1001 to 2000	65	0.76	102846	1.30
2001 to 3000	35	0.41	89935	1.14
3001 to 4000	18	0.21	66598	0.84
4001 to 5000	12	0.14	56265	0.71
5001 to 10000	25	0.29	180734	2.29
10001 and above	43	0.50	6191899	78.43
Total	8578	100.00	7895200	100.00

### (x) Shareholding Pattern as on 31.03.2013 :

Category	Number of Shares	% to Total Shares
Promoters	5155000	65.29
Private Corporate Bodies	115144	1.46
Indian Public	2587979	32.78
NRIs	37077	0.47
Total	7895200	100.00

### (xi) Registrar for Demat and Share Transfer :

Mas Services Limited T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020

Phone No. : 011-26387281-83, Fax No. : 011-26387384, E-Mail : mas\_serv@yahoo.com

### (xii) Investors Correspondence :

All queries of investors regarding the company's shares in physical form may be sent to the company at its Administrative office at G.T. Road, Village Pawa, Sahnawal, Ludhiana-141 120. (Phone No. : 0161-2511412)

OR  
to the Registrar for physical/demat modes at their above noted address.



## VARDHMAN INDUSTRIES LIMITED

**(xiii) Plant Locations of the company :**

- a) G.T. Road, Village Pawa, Sahnewal,  
Ludhiana-141 120.  
Phone No. : 0161-2511412, 2511413
- b) G.T. Road, Village Nandpur, Sahnewal,  
Ludhiana-141 120.
- c) G.T. Road, Village Beopror,  
Teh. Rajpura, Distt. Patiala (Punjab)  
Phone No. : 01762-265700

**(11) SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL :**

As stipulated by SEBI, the statutory auditors of the company carry out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and report thereon is submitted to the Stock Exchange where shares of the Company are listed. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

**DECLARATION :**

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, all Board members and Senior Management Personnel have affirmed compliance with Vardhman Industries Limited's Code of Business Conduct and Ethics for the year ended 31st March, 2013.

**By order of the Board of Directors**

<b>Place : Ludhiana</b>	<b>Sd/-</b>	<b>Sd/</b>
<b>Date : 14.08.2013</b>	<b>(KAPIL KUMAR JAIN)</b>	<b>(RAHUL JAIN)</b>
	<b>Chairman</b>	<b>Managing Director</b>

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY**

We, Rahul Jain, in my capacity as Managing Director and Surinder Singh, Chief Financial Officer, of Vardhman Industries Limited (the Company) to the best of our knowledge and belief, certify that:

- We have reviewed the financial statements and Cash Flow statement for the year ended on 31.03.2013 and based on our knowledge and belief, we state that:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
- We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, wherever applicable:
  - That there were no deficiencies in the design or operation of internal controls which came to our notice;
  - That there were no significant changes in internal control over financial reporting during the year;
  - Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
  - That there were no instances of significant fraud of which we are aware that involve therein the management or an employee having a significant role in the Company's internal control system over financial reporting.

<b>Place : Ludhiana</b>	<b>Sd/-</b>	<b>Sd/</b>
<b>Date : 14.08.2013</b>	<b>(RAHUL JAIN)</b>	<b>(SURINDER SINGH)</b>
	<b>Managing Director</b>	<b>Chief Financial Officer</b>

**AUDITORS' CERTIFICATE**

(on compliance of conditions of Corporate Governance)

To

The members of  
Vardhman Industries Limited

We have examined the compliance of conditions of Corporate Governance by Vardhman Industries Limited for the year ended on 31st March, 2013, as stipulated in clause 49 of the Listing Agreement executed by the said Company with stock exchange. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the 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 further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

PLACE: LUDHIANA  
DATE : 14.08.2013

**For Raj Gupta & Co.**  
Chartered Accountants  
FRN- 000203N

**Sd/-**  
**(SANDEEP GUPTA)**  
Partner  
M. No. 529774



**ANNEXURE - II TO THE DIRECTORS' REPORT**

STATEMENT PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.2013.

**I. CONSERVATION OF ENERGY**

- a) Energy Conservation Measure taken : N. A.  
 b) Additional Investments and proposals if any, being implemented for reduction of consumption of energy. : No  
 c) Impact of the measure at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production. : N. A.  
 d) Total Energy consumption per unit of production as per form 'A' of the annexure to the Rules in respect of industries specified in schedule thereto.

**A. POWER & FUEL CONSUMPTION**

	Current Year	Previous Year
<b>a) Electricity</b>		
I) Furnace Division		
Purchased Units	81,26,091	87,32,905
Total Amounts (₹)	5,20,75,149	4,83,19,144
Rate/Unit (₹)	6.41	5.53
II) G.P./G.C. Division		
Purchased Units	1,78,76,188	1,40,85,600
Total Amounts (₹)	11,95,02,319	7,71,09,399
Rate/Unit (₹)	6.69	5.47
<b>b) Own Generation</b>		
I) Through Diesel Generator		
Furnace Division		
Amount	-	2,38,562
Units	-	18,480
Unit per litre of diesel oil	-	3.08
Cost/Unit (Rs.)	-	12.91
G.P./G.C. Division		
Amount	20,20,810	34,45,988
Units	1,43,728	2,67,344
Unit per litre of diesel oil	3.00	3.08
Cost/Unit (₹)	14.06	12.89
II) Through steam/turbine/Generator Units		
Unit per litre of fuel/Gas/Oil	-	-
Cost/Unit (₹)	-	-
<b>c) Coal (Steam)</b>		
Quantity (Tonnes)	266.59	-
Total Cost (₹)	21,00,930	-
Average Rate (₹)	7,880	-
<b>d) Furnace Oil</b>		
Quantity (Ltrs.)	-	-
Total Cost (₹)	-	-
Average Rate (₹)	-	-
<b>e) Other/Husk/Internal Generation</b>		
Quantity (Kgs.)	24,58,535	1,00,225
Total Cost (₹)	1,14,39,805	4,37,467
Average Rate (₹)	4.65	4.36

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Products	UNIT	Current Year	Previous Year
a) Steel Ingots			
Electricity (₹)	MT	6,345	5,839
Diesel (₹)		-	29
b) G.P./G.C Sheets/Coils			
Electricity (₹)	MT	1,577	859
Coal & Fuel	MT		
i. Diesel (₹)		27	38
ii. Husk (₹)		151	28
iii. Coal (₹)		28	-
iv. Gas (₹)		1,523	1,320

**II. TECHNOLOGY ABSORPTION**

Your Company has always been making best efforts towards technology absorption, adaption and innovation to improve the quality of its products being manufactured at its various units and to reduce the cost of production.

**III. FOREIGN EXCHANGE EARNING AND OUTGO**

**a) Activities relating to export, initiatives to increase exports, Development of New Export markets for Products and Services, and Export Plans.**

The management has taken number of initiatives for export of its products i.e. G.P./G.C. Sheets and Coils. The exports are made to Burkina, Somalia, Mozambique, Jambia, Zimbabwe and Angola directly as well as through agents. Besides the Company has taken effective steps to improve the quality of its products to capture more international markets.

**b) Total Foreign Exchange used and earned**

Used (₹)	10,78,70,126	14,76,09,690
(CIF Value of Import & Expenditure in foreign currency)		
Earned (₹)	62,10,73,501	84,49,01,990
(FOB value of Exports)		

**ANNEXURE-III TO THE DIRECTORS' REPORT**

**Directors' Responsibility Statement**

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956 it is hereby confirmed :

- That in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That the directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit of the Company for the year;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the directors had prepared the annual accounts on a going concern basis.

Place : Ludhiana  
Date : 14.08.2013

Sd/-  
(KAPIL KUMAR JAIN)  
Chairman

By order of the Board of Directors  
Sd/-  
(RAHUL JAIN)  
Managing Director



**INDEPENDENT AUDITORS' REPORT**

To

**The Board of Directors of  
VARDHMAN INDUSTRIES LIMITED,  
Report on the Financial Statements**

We have audited the accompanying financial statements of Vardhman Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

**For RAJ GUPTA & CO.**  
Chartered Accountants  
FRN- 000203N

Sd/-  
**(SANDEEP GUPTA)**  
Partner  
M. No. 529774

Place : Ludhiana  
Dated : 06.06.2013



**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements."

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) As explained to us, most of the fixed assets have been physically verified by the management during the year in a phased manner, which in our opinion is reasonable having regard to the size of the company. No material discrepancies were noticed on such verification.
- (ii) a) The company has not disposed off a substantial part of its fixed assets during the year.  
b) According to the information and explanations given to us, physical verification of inventories has been conducted at reasonable intervals by the management during the year.  
c) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (iii) a) The company is maintaining proper records of its inventory. As explained to us, the discrepancies noticed on physical verification were not material. The discrepancies noticed have been properly dealt with in the books of account.  
b) The company has granted loans to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. According to the information and explanations given to us, the terms and conditions of the loans are not prima facie prejudicial to the interests of the company. The receipt of the principal amount and interest, wherever applicable, are regular.  
c) The company has taken loans from some parties listed in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the terms and conditions of the loans are not prima facie prejudicial to the interests of the company.
- (iv) In our opinion, based on our observations and the information and explanations given to us, the company has in place an adequate internal control system commensurate with its size and the nature of its business, with regard to purchases of inventory, fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) a) Based on the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered into the register maintained under that section.  
b) In our opinion and according to the information and explanations given to us, the transactions exceeding Rupees five lacs made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act 1956. We are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) a) Undisputed statutory dues including provident fund, Investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess have generally been deposited by the company in time with the appropriate authorities. Based on our examination of the records of the company and information and explanations given to us, there were no arrears of undisputed statutory dues outstanding as on 31st March 2013 that remained payable for more than six months from the date they became payable.  
b) According to the information and explanations given to us, there are no disputed dues outstanding in the books of account for income tax / sales tax / wealth tax / service tax / custom duty / excise duty / cess.
- (x) The company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks or debenture holders.
- (xii) As explained to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the order are not applicable to the company.
- (xiii) The company is not a Chit Fund or a nidhi, mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the company.
- (xiv) Based on the information and explanations given to us and the records of the company examined by us, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the order are not applicable to the company.
- (xv) The company has given Corporate Guarantee to banks in respect of borrowings of its subsidiary company M/s Vallabh Tinplate Private Limited. It has also given guarantees to the Customs department for procurement of machinery under the Export Promotion Capital Goods scheme by M/s Vallabh Tinplate Private Limited. In our opinion, based on the information and explanations given to us, the terms and conditions of the said guarantees are not prejudicial to the interests of the company.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination, the term loans have been applied for the purpose for which the loans were obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis have not been used for long-term investment.
- (xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the company has not issued debentures during the year. Accordingly, the provisions of clause 4(xix) of the order are not applicable to the company.
- (xx) According to the information and explanations given to us, the company has not raised any money by way of public issue during the year. Accordingly, the provisions of clause 4(xx) of the order are not applicable to the company.
- (xxi) According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported by the company during the year.

**For RAJ GUPTA & CO.**  
Chartered Accountants  
FRN- 000203N

Sd/-  
**(SANDEEP GUPTA)**  
Partner  
M. No. 529774

Place : Ludhiana  
Dated : 06.06.2013



## VARDHMAN INDUSTRIES LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	NOTE	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	1	<b>7,94,76,000</b>	7,94,76,000
(b) Reserves and Surplus	2	<b>67,69,29,315</b>	65,37,86,619
<b>Non-current Liabilities</b>			
(a) Long-term Borrowings	3	<b>54,25,71,548</b>	45,34,66,448
(b) Deferred Tax Liability (net)	4	<b>12,93,50,503</b>	11,68,46,456
(c) Other Long-term Liabilities	5	<b>9,55,51,176</b>	8,84,14,070
(d) Long-term Provisions	6	<b>31,78,650</b>	28,53,650
<b>Current Liabilities</b>			
(a) Short-term Borrowings	7	<b>74,23,00,743</b>	60,52,49,872
(b) Trade Payables	8	<b>27,87,19,984</b>	21,24,71,387
(c) Other Current Liabilities	9	<b>15,51,11,731</b>	16,77,60,342
(d) Short-term Provisions	10	<b>5,16,888</b>	95,85,532
<b>Total</b>		<b><u>2,70,37,06,538</u></b>	<b><u>2,38,99,10,376</u></b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) (a) Fixed Assets	11		
(i) Tangible Assets		<b>1,11,02,40,482</b>	1,00,96,23,420
(ii) Capital Work-in-Progress		<b>1,50,21,045</b>	70,78,055
(b) Non-current Investments	12	<b>11,17,03,158</b>	9,64,38,000
(c) Long-term Loans and Advances	13	<b>1,33,35,433</b>	1,26,62,149
<b>Current Assets</b>			
(a) Inventories	14	<b>44,58,69,902</b>	37,63,97,456
(b) Trade Receivables	15	<b>61,81,26,091</b>	51,74,58,296
(c) Cash and Cash Equivalents	16	<b>2,64,44,006</b>	2,38,85,071
(d) Short-term Loans and Advances	17	<b>36,29,66,421</b>	34,63,67,929
<b>Total</b>		<b><u>2,70,37,06,538</u></b>	<b><u>2,38,99,10,376</u></b>
Significant Accounting Policies	33		
Notes on Financial Statements	1 to 33		

As per our separate report of even date  
**FOR RAJ GUPTA & CO.**  
Chartered Accountants  
FRN- 000203N

For and on behalf of the Board

Sd/-  
**(Sandeep Gupta)**  
Partner  
M.No. 529774

Sd/-  
**(Kapil Kumar Jain)**  
Chairman

Sd/-  
**(Rahul Jain)**  
Managing Director

Sd/-  
**(Vikram Jain)**  
Director

Place : Ludhiana  
Dated : 06.06.2013





## VARDHMAN INDUSTRIES LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.03.2013 ₹	FOR THE YEAR ENDED 31.03.2012 ₹
<b>INCOME</b>			
Revenue from Operations	18	<b>3,82,91,21,048</b>	3,83,09,43,236
Other Operating Income	19	<b>16,46,515</b>	8,00,381
<b>Total Revenue</b>		<b>3,83,07,67,563</b>	3,83,17,43,617
<b>EXPENSES</b>			
Cost of Materials Consumed	20	<b>3,30,09,98,988</b>	3,13,04,77,416
Changes in inventories of finished goods, Work-in-Progress and Stock-in-Trade	21	<b>(10,37,00,839)</b>	7,42,05,183
Employee Benefit Expense	22	<b>5,56,70,017</b>	4,81,85,027
Finance Costs	23	<b>11,61,83,198</b>	9,95,50,608
Depreciation and Amortization Expense	11	<b>6,71,53,923</b>	5,67,15,702
Other Expenses	24	<b>33,04,83,348</b>	29,98,39,714
<b>Total Expenses</b>		<b>3,76,67,88,635</b>	3,70,89,73,650
<b>PROFIT BEFORE TAX</b>		<b>6,39,78,928</b>	12,27,69,967
Less: Exceptional Items		<b>2,83,32,185</b>	-
<b>Profit after Exceptional Items</b>		<b>3,56,46,743</b>	-
Tax Expense:			
- Current Tax		<b>71,09,671</b>	2,45,63,508
- Less: MAT Credit Entitlement		<b>71,09,671</b>	41,66,012
Net Current Tax		-	2,03,97,496
Deferred Tax		<b>1,25,04,047</b>	2,73,07,313
<b>PROFIT FOR THE YEAR</b>		<b>2,31,42,696</b>	7,50,65,158
Basic and Diluted Earning Per Share:	25	<b>2.93</b>	9.51
Significant Accounting Policies	33		
Notes on Financial Statements	1 to 33		

As per our separate report of even date  
**FOR RAJ GUPTA & CO.**  
 Chartered Accountants  
 FRN- 000203N

For and on behalf of the Board

Sd/-  
**(Sandeep Gupta)**  
 Partner  
 M.No. 529774

Sd/-  
**(Kapil Kumar Jain)**  
 Chairman

Sd/-  
**(Rahul Jain)**  
 Managing Director

Sd/-  
**(Vikram Jain)**  
 Director

Place : Ludhiana  
 Dated : 06.06.2013



## VARDHMAN INDUSTRIES LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

PARTICULARS	CURRENT YEAR 2012-13 ₹	PREVIOUS YEAR 2011-12 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax & Exceptional Items	6,39,78,928	12,27,69,967
Adjustment for :		
Depreciation	6,71,53,923	5,67,15,702
Exceptional Items	(2,83,32,185)	-
Finance Costs	11,61,83,198	9,95,50,608
Operating Profit before Working Capital Changes	21,89,83,864	27,90,36,277
Adjustment for		
Trade and other Receivables	(11,79,39,571)	(18,86,99,838)
Inventories	(6,94,72,446)	3,53,33,624
Trade and other Payables	5,40,32,341	4,07,66,177
Cash Generated from operations	8,56,04,188	16,64,36,240
Direct Taxes	-	(2,03,97,496)
Net Cash from Operating Activities	8,56,04,188	14,60,38,744
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Payments for Capital Goods	(17,57,15,895)	(39,80,20,238)
Sale of Fixed Assets	1,920	-
Purchase of Investments	(1,52,65,158)	(1,31,00,000)
Net cash used in Investing Activities	(19,09,79,133)	(41,11,20,238)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Finance Costs	(11,61,83,198)	(9,95,50,608)
Dividend paid	(78,95,200)	(78,95,200)
Corporate Dividend Tax	(12,80,799)	(12,80,799)
Movement in Long-term Borrowings	9,62,42,206	27,95,52,781
Movement in Working Capital Borrowings	13,70,50,871	9,91,96,247
Net Cash from Financing Activities	10,79,33,880	27,00,22,421
Net Change in Cash & Cash Equivalents (A+B+C)	25,58,935	49,40,927
Cash & Cash Equivalents at the beginning of the year	2,38,85,071	1,89,44,144
Cash & Cash Equivalents at the end of the year	2,64,44,006	2,38,85,071

As per our separate report of even date  
**FOR RAJ GUPTA & CO.**  
 Chartered Accountants  
 FRN- 000203N

For and on behalf of the Board

Sd/-  
**(Sandeep Gupta)**  
 Partner  
 M.No. 529774

Sd/-  
**(Kapil Kumar Jain)**  
 Chairman

Sd/-  
**(Rahul Jain)**  
 Managing Director

Sd/-  
**(Vikram Jain)**  
 Director

Place : Ludhiana  
 Dated : 06.06.2013



# VARDHMAN INDUSTRIES LIMITED

## NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2013  
₹

AS AT 31.03.2012  
₹

### Note : 1 SHARE CAPITAL

#### SHARE CAPITAL

##### AUTHORIZED SHARE CAPITAL:

80,00,000 Equity Shares of Rs. 10/- each 8,00,00,000 8,00,00,000

##### ISSUED, SUBSCRIBED & PAID UP CAPITAL:

78,95,200 Equity Shares of Rs. 10/- each fully paid up 7,89,52,000 7,89,52,000

Add: Shares forfeited (Amount Paid-up) 5,24,000 5,24,000

**Total** 7,94,76,000 7,94,76,000

1.1 The detail of shareholders holding more than 5% shares

Name of the Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of shares	% of Holding	No. of shares	% of Holding
M/s. Vallabh Steels Limited	6,66,600	8.44	6,66,600	8.44
M/s. Associated Leasing Limited	7,47,400	9.47	7,47,400	9.47

1.2 The reconciliation of number of shares outstanding is set out below

Shares outstanding at the beginning of the year (Nos.) 78,95,200 78,95,200

Shares Issued during the year - -

Shares bought back during the year - -

Shares outstanding at the end of the year (Nos.) 78,95,200 78,95,200

1.3 Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

### Note : 2 RESERVES & SURPLUS

Securities Premium (A) 1,97,38,000 1,97,38,000

#### General Reserve:

As at Commencement of the Year 5,14,83,707 4,89,83,707

Add: Transfer from Statement of Profit and Loss 25,00,000 25,00,000

**(B)** 5,39,83,707 5,14,83,707

#### Statement of Profit and Loss

As at Commencement of the Year 58,25,64,912 51,91,75,753

Add: Profit for the year 2,31,42,696 7,50,65,158

60,57,07,608 59,42,40,911

#### Less: Appropriations

Transferred to General Reserve 25,00,000 25,00,000

Proposed Dividend on Equity Shares - 78,95,200

Corporate Dividend Tax - 12,80,799

**(C)** 60,32,07,608 58,25,64,912

**Total (A+B+C)** 67,69,29,315 65,37,86,619



# VARDHMAN INDUSTRIES LIMITED

## NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2013

AS AT 31.03.2012

₹

₹

### Note : 3 LONG-TERM BORROWINGS

#### A) Secured Loans

Term Loans from Banks:	Rate of Interest		
IDBI Bank Limited	13.25%	<b>7,43,65,946</b>	8,11,78,371
State Bank of India	13.15%	<b>32,76,65,608</b>	27,15,03,180
Allahabad Bank	13.20%	<b>2,03,49,642</b>	3,05,03,396
Vehicle Loans from Banks:			
ICICI Bank Limited	9.36%	-	75,583
HDFC Bank Limited	9.75%	-	1,11,957
ICICI Bank Limited	10.49%	-	1,24,367
HDFC Bank Limited	10.00%	-	1,10,997
HDFC Bank Limited	12.00%	<b>5,36,992</b>	-
ICICI Bank Limited	11.25%	<b>2,28,566</b>	-
ICICI Bank Limited	11.26%	<b>1,37,144</b>	-
<b>Total (A)</b>		<b><u>42,32,83,898</u></b>	<b><u>38,36,07,851</u></b>

#### B) Unsecured Loans

From Shareholders, Directors and their relatives		<b>11,92,87,650</b>	6,98,58,597
<b>Total (B)</b>		<b><u>11,92,87,650</u></b>	<b><u>6,98,58,597</u></b>
<b>Total (A+B)</b>		<b><u>54,25,71,548</u></b>	<b><u>45,34,66,448</u></b>

- 3.1 Term Loans from IDBI Bank Limited and SBI are secured on pari passu basis by way of equitable mortgage created by deposit of title deeds of immovable properties of GPGC Sheet unit and by way of hypothecation of all movable properties of the said unit including movable machinery, machinery spares, tools and accessories, present and future, subject to the prior charge(s) created and/or to be created by the company on Current Assets of the company for working capital facilities. These loans have been guaranteed by three directors of the company.
- 3.2 Term Loan from Allahabad Bank is secured by tangible Fixed Assets of the CR unit at Rajpura and also guaranteed by three directors of the company.
- 3.3 Terms of Repayment  
in case of IDBI, instalments are payable upto 2018-19.  
in case of SBI, instalments are payable upto 2019-20.  
In case of AB, instalments are payable upto 2015-16.
- 3.4 Vehicle Loans are secured by way of hypothecation of specific vehicle and personally guaranteed by one director.

### Note : 4 DEFERRED TAX LIABILITY (NET)

#### Deferred Tax Liability

Relating to Fixed Assets	<b>13,91,05,090</b>	11,75,49,556
<b>Deferred Tax Assets</b>		
Relating to disallowances u/s 43B of Income Tax Act	<b>97,54,587</b>	7,03,100
<b>Total</b>	<b><u>12,93,50,503</u></b>	<b><u>11,68,46,456</u></b>

### Note : 5 OTHER LONG TERM LIABILITIES

Deferred Credits	<b>9,40,76,157</b>	8,73,58,813
Security Deposits	<b>14,75,019</b>	10,55,257
<b>Total</b>	<b><u>9,55,51,176</u></b>	<b><u>8,84,14,070</u></b>

### Note : 6 LONG TERM PROVISIONS

Gratuity	<b>31,78,650</b>	28,53,650
<b>Total</b>	<b><u>31,78,650</u></b>	<b><u>28,53,650</u></b>



# VARDHMAN INDUSTRIES LIMITED

## NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2013

AS AT 31.03.2012

₹

₹

### Note : 7 SHORT TERM BORROWINGS

#### Secured Loans

Working Capital Loans from Banks

**74,23,00,743**

60,52,49,872

**Total**

**74,23,00,743**

60,52,49,872

- 7.1 Working Capital borrowings from State Bank of India and IDBI Bank Limited are secured by hypothecation of entire present and future tangible current assets of the GPGC unit of the Company on pari passu basis and personally guaranteed by three of the directors. The said borrowings are also secured by way of second charge on block assets of the GPGC unit of the Company.
- 7.2 Working Capital borrowings from Punjab National Bank are secured by hypothecation of entire present and future current assets of the Steel unit of the Company and personally guaranteed by three of the directors. The said borrowings are also secured by way of first charge on block assets of the Steel unit of the Company.

### Note: 8 TRADE PAYABLES

Sundry Creditors

**27,87,19,984**

21,24,71,387

**Total**

**27,87,19,984**

21,24,71,387

- 8.1 Based on the information available with the company regarding the coverage of its suppliers under the Micro, Small and Medium Enterprises Development Act 2006, no amount was due to any party covered under the said Act.
- 8.2 Balances of creditors are subject to confirmation and reconciliation.

### Note : 9 OTHER CURRENT LIABILITIES

Current Maturity of Long-term Debt

**9,90,98,352**

10,78,10,167

Duties & Taxes Payable

**26,16,194**

39,26,062

Other Current Liabilities

**2,69,49,339**

2,29,00,532

Advance Received from Customers

**1,45,83,307**

2,87,96,493

Cheques issued but not presented for payment

**1,18,64,539**

43,27,088

**Total**

**15,51,11,731**

16,77,60,342

### Note : 10 SHORT-TERM PROVISIONS

Provision For contribution to PF, ESI etc.

**5,16,888**

4,09,533

Proposed Dividend

-

78,95,200

Corporate Dividend Tax

-

12,80,799

**Total**

**5,16,888**

95,85,532

### Note : 11 NON-CURRENT ASSETS

Fixed Assets

(i) Tangible Assets

**1,48,31,80,631**

1,31,57,37,726

(ii) Capital Work-in-Progress

**1,50,21,045**

70,78,055

Accumulated Depreciation Provision on Tangible Assets **(37,29,40,149)**

(30,61,14,306)

**Total**

**1,12,52,61,527**

1,01,67,01,475

## FIXED ASSETS & DEPRECIATION

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As At 01.04.2012	Additions	Sales/ Adjust- ments	As At 31.03.2013	As At 01.04.2012	For the Year	Adjust- ment	As At 31.3.2013	As At 31.3.2013	As At 31.3.2012		
Land	1,37,69,472	-	-	<b>1,37,69,472</b>	-	-	-	-	<b>1,37,69,472</b>	1,37,69,472		
Building	14,22,55,093	1,02,16,059	-	<b>15,24,71,152</b>	2,59,47,773	<b>46,69,184</b>	-	<b>3,06,16,957</b>	<b>12,18,54,195</b>	11,63,07,320		
Furniture & Fixture	40,80,762	4,26,950	-	<b>45,07,712</b>	15,43,322	<b>2,37,528</b>	-	<b>17,80,850</b>	<b>27,26,862</b>	25,37,440		
Plant and Machinery	1,12,16,19,829	15,62,53,624	-	<b>1,27,78,73,453</b>	26,46,09,445	<b>5,91,44,872</b>	-	<b>32,37,54,317</b>	<b>95,41,19,136</b>	85,70,10,384		
Vehicles	3,40,12,570	8,76,272	3,30,000	<b>3,45,58,842</b>	1,40,13,766	<b>31,02,339</b>	3,28,080	<b>1,67,88,025</b>	<b>1,77,70,817</b>	1,99,98,804		
Total	1,31,57,37,726	16,77,72,905	3,30,000	<b>1,48,31,80,631</b>	30,61,14,306	<b>6,71,53,923</b>	3,28,080	<b>37,29,40,149</b>	<b>1,11,02,40,482</b>	1,00,96,23,420		
Previous Year	91,84,50,866	39,72,86,860	-	1,31,57,37,726	24,93,98,604	5,67,15,702	-	30,61,14,306	1,00,96,23,420	66,90,52,262		



## VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2013	AS AT 31.03.2012
	₹	₹

### Note : 12 NON-CURRENT INVESTMENTS

#### Trade Investments

##### Quoted fully paid up equity shares:

Vallabh Steels Limited 2,95,000 shares of face value of ₹10/- each	<b>29,50,000</b>	29,50,000
Associated Leasing Limited 20,000 shares of face value of ₹10/- each	<b>2,00,000</b>	2,00,000
Oswal Greentech Limited 10,000 (previous year Nil) shares of face value of ₹10/- each	<b>2,65,158</b>	-

##### Unquoted fully paid equity shares:

Vallabh Textiles Company Limited 42,50,000 shares of face value of ₹10/- each	<b>4,25,00,000</b>	4,25,00,000
Vallabh Tinplate Private Limited 65,10,000 (Previous Year 50,10,000) shares of face value of ₹10/- each	<b>6,51,00,000</b>	5,01,00,000

#### Other Investments

##### Quoted fully paid equity shares:

SBI Infrastructure Fund 40,000 units of face value of ₹10/- each	<b>4,00,000</b>	4,00,000
DMC Education Limited 72,000 shares of face value of ₹5/- each	<b>2,88,000</b>	2,88,000

<b>Total</b>	<b>11,17,03,158</b>	9,64,38,000
12.1 Aggregate value of Quoted Investments	<b>41,03,158</b>	38,38,000
Market value of Quoted Investments	<b>52,80,890</b>	52,07,580
Aggregate value of Unquoted Investments	<b>10,76,00,000</b>	9,26,00,000

### Note : 13 LONG-TERM LOANS & ADVANCES

Security Deposits	<b>1,33,35,433</b>	1,26,62,149
<b>Total</b>	<b>1,33,35,433</b>	1,26,62,149



## VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2013	AS AT 31.03.2012
	₹	₹

### Note : 14 INVENTORIES

Raw Material	12,12,91,366	16,98,64,420
Raw Materials (Goods in Transit)	6,17,86,284	5,22,10,688
Work in Progress	3,02,49,344	2,27,91,561
Finished Goods	22,17,74,038	12,55,30,982
Stores & Spares	1,07,68,870	59,99,805
<b>Total</b>	<b>44,58,69,902</b>	<b>37,63,97,456</b>

### Note : 15 TRADE RECEIVABLES

Debtors outstanding for a period exceeding six months		
- Considered Good	46,32,433	45,35,745
- Considered Doubtful	-	-
Other Debtors		
- Considered Good	61,34,93,658	51,29,22,551
<b>Total</b>	<b>61,81,26,091</b>	<b>51,74,58,296</b>

15.1 Balances of debtors are subject to confirmation and reconciliation.

### Note : 16 CASH & CASH EQUIVALENTS

Cash in Hand	6,90,656	10,27,593
Balance with Banks:		
- Current Accounts	99,14,657	74,55,671
- Fixed Deposits With Banks (under Lien with banks as Margin Money)	1,58,38,693	1,54,01,807
<b>Total</b>	<b>2,64,44,006</b>	<b>2,38,85,071</b>

16.1 Balance with banks include unpaid dividend of ₹13,05,052/- (Previous Year ₹8,65,033/-)

### Note : 17 SHORT-TERM LOANS & ADVANCES

(Unsecured & Considered Good)		
Advance to Suppliers & Others recoverable in cash or in kind or for value to be received	30,48,23,772	32,23,90,422
Prepaid Expenses	56,66,898	38,94,588
Income Tax	3,48,91,215	1,58,78,036
Balances with Excise Authorities	63,08,853	38,871
MAT Credit Entitlement	1,12,75,683	41,66,012
<b>Total</b>	<b>36,29,66,421</b>	<b>34,63,67,929</b>



## VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2013		YEAR ENDING 31.03.2012	
	₹		₹	
<b>Note : 18 REVENUE FROM OPERATIONS</b>				
Turnover	4,20,04,17,099		3,84,27,40,236	
Less: Excise Duty	37,12,96,051		1,17,97,000	
<b>Total</b>	<b>3,82,91,21,048</b>		<b>3,83,09,43,236</b>	
<b>Note : 19 OTHER OPERATING INCOME</b>				
Rent	15,06,774		6,00,000	
Miscellaneous Income	1,39,741		2,00,381	
<b>Total</b>	<b>16,46,515</b>		<b>8,00,381</b>	
<b>Note : 20 COST OF MATERIALS CONSUMED</b>				
<b>A) Raw Material Consumed</b>				
Opening Stock	16,98,64,420		18,18,31,756	
Add : Purchases	3,23,82,16,021		3,10,28,61,541	
	<b>3,40,80,80,441</b>		<b>3,28,46,93,297</b>	
Less : Closing Stock	12,12,91,366		16,98,64,420	
Raw Material Consumed	<b>Total (A)</b>	<b>3,28,67,89,075</b>	<b>3,11,48,28,877</b>	
<b>B) Stores, Spares Consumed</b>				
Opening Stock	59,99,805		62,87,080	
Add : Purchases	1,89,78,978		1,53,61,264	
	<b>2,49,78,783</b>		<b>2,16,48,344</b>	
Less : Closing Stock	1,07,68,870		59,99,805	
Stores, Spares Consumed	<b>Total (B)</b>	<b>1,42,09,913</b>	<b>1,56,48,539</b>	
Total Cost of Material Consumed	<b>Total (A+B)</b>	<b>3,30,09,98,988</b>	<b>3,13,04,77,416</b>	
	<b>Year ended 31.03.2013</b>		<b>Year ended 31.03.2012</b>	
	<b>Value (₹)</b>	<b>%age</b>	<b>Value (₹)</b>	<b>%age</b>
<b>20.1 a) Raw Material Consumed</b>				
Indigenous	3,22,37,15,286	98.08	3,07,25,01,592	98.64
Imported	6,30,73,789	1.92	4,23,27,285	1.36
	<b>3,28,67,89,075</b>	<b>100.00</b>	<b>3,11,48,28,877</b>	<b>100.00</b>
<b>b) Stores and Spares Consumed</b>				
Indigenous	1,42,09,913	100.00	1,56,48,539	100.00
Imported	-	-	-	-
	<b>1,42,09,913</b>	<b>100.00</b>	<b>1,56,48,539</b>	<b>100.00</b>





## VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2013 ₹	YEAR ENDING 31.03.2012 ₹
<b>Note : 21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS &amp; STOCK-IN-TRADE</b>		
<b>Opening Stock:</b>		
Work in Progress	2,27,91,561	3,63,38,101
Finished Goods	12,55,30,982	18,61,89,625
<b>Total (A)</b>	<b>14,83,22,543</b>	<b>22,25,27,726</b>
<b>Closing Stock:</b>		
Work in Progress	3,02,49,344	2,27,91,561
Finished Goods	22,17,74,038	12,55,30,982
<b>Total (B)</b>	<b>25,20,23,382</b>	<b>14,83,22,543</b>
<b>(A-B)</b>	<b>(10,37,00,839)</b>	<b>7,42,05,183</b>
<b>Note : 22 EMPLOYEE BENEFIT EXPENSE</b>		
Salary, Wages, Allowances & other benefits	5,11,85,883	4,37,90,594
Contribution to Provident and other funds	26,46,142	25,80,300
Staff Welfare Expenses	18,37,992	18,14,133
<b>Total</b>	<b>5,56,70,017</b>	<b>4,81,85,027</b>
<b>22.1 Disclosures in terms of Accounting Standard 15 'Employee Benefits':</b>		
Reconciliation of opening and closing balances of defined benefit obligation viz Gratuity:		
- Liability at the beginning of the year	28,53,650	23,45,430
- Liability provided during the year	3,25,000	5,08,220
- Liability at the end of the year	31,78,650	28,53,650
Expense recognized in Statement of Profit and Loss:		
- Amount paid during the year	4,30,602	1,76,511
- Amount debited to Statement of Profit and Loss	7,55,602	6,84,731
<b>Note : 23 FINANCE COSTS</b>		
Interest:		
-On Term Loan	1,82,06,726	94,34,215
-On Working Capital	9,22,01,314	8,54,47,898
-To Others	40,412	11,187
Bank Charges and Commission	57,34,746	46,57,308
<b>Total</b>	<b>11,61,83,198</b>	<b>9,95,50,608</b>
<b>Note : 24 OTHER EXPENSES</b>		
<b>A) Selling &amp; Distribution Expenses</b>		
Packing & Forwarding Charges	1,52,57,380	1,89,13,710
Rebate and Discount	1,62,67,228	53,18,404
Brokerage & Commission	19,75,695	27,25,936
Other selling expenses	10,41,544	27,55,015
Export Expenses	6,00,23,651	9,28,61,481
Advertisement	40,381	1,42,776
<b>Total (A)</b>	<b>9,46,05,879</b>	<b>12,27,17,322</b>



## VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2013 ₹	YEAR ENDING 31.03.2012 ₹
<b>B) Operating, Administrative &amp; Other Expenses</b>		
Power & Fuel	<b>18,71,39,013</b>	12,95,50,560
Repairs & Maintenance	<b>65,75,100</b>	65,52,630
Other Manufacturing Expenses	<b>1,51,23,153</b>	1,62,00,650
Rent, Rates, Fees and Taxes	<b>41,97,421</b>	54,42,815
Insurance	<b>11,87,156</b>	6,40,742
Legal & Professional charges	<b>11,75,855</b>	13,50,898
Directors' Remuneration	<b>30,00,000</b>	30,00,000
Travelling and Conveyance		
- Directors	<b>13,48,989</b>	8,22,996
- Others	<b>39,57,067</b>	32,04,767
Payment to Auditors		
- As Auditors	<b>62,500</b>	66,180
- For Reimbursement of Expenses	<b>37,418</b>	30,824
Postage and Telecommunication	<b>13,97,427</b>	14,36,799
Printing & Stationery	<b>8,33,183</b>	8,23,628
Repairs and Maintenance		
- Building	<b>1,64,801</b>	8,22,394
- Vehicles	<b>42,12,358</b>	29,17,302
- General	<b>6,48,723</b>	7,86,721
Charity & Donation	<b>2,350</b>	2,850
Other Miscellaneous Expenses	<b>48,14,955</b>	34,69,636
<b>Total (B)</b>	<b>23,58,77,469</b>	17,71,22,392
<b>Total (A+B)</b>	<b>33,04,83,348</b>	29,98,39,714
<b>Note : 25 EARNING PER SHARE</b>		
Profit after Tax (₹)	<b>2,31,42,696</b>	7,50,65,158
Weighted average number of ordinary shares	<b>78,95,200</b>	78,95,200
Weighted average number of diluted shares	<b>78,95,200</b>	78,95,200
Nominal Value of ordinary share (₹)	<b>10</b>	10
Basic Earning Per Share (₹)	<b>2.93</b>	9.51
Diluted Earning Per Share (₹)	<b>2.93</b>	9.51
<b>Note : 26 EARNINGS IN FOREIGN EXCHANGE</b>		
Export of Goods on FOB basis	<b>62,10,73,501</b>	84,49,01,990
<b>Note : 27 VALUE OF IMPORTS ON CIF BASIS</b>		
Raw Material, Spare parts & components	<b>6,30,73,789</b>	4,23,27,285
Capital Goods	<b>4,27,90,117</b>	10,33,44,837
<b>Total</b>	<b>10,58,63,906</b>	14,56,72,122



## VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2013 ₹	YEAR ENDING 31.03.2012 ₹
<b>Note : 28 EXPENDITURE IN FOREIGN CURRENCY</b>		
Travelling, Sales Promotion & others	<b>20,06,220</b>	19,37,568
<b>Note : 29 REMUNERATION TO KEY MANAGEMENT PERSONNEL</b>		
Mr. Rahul Jain	<b>31,74,447</b>	31,68,447
<b>Note : 30 SEGMENT REPORTING</b>		
The company operates in only one segment viz Iron and Steel.		
<b>Note : 31 CONTINGENT LIABILITIES NOT PROVIDED FOR</b>		
Capital contracts	<b>1,02,30,000</b>	2,07,85,749
Letters of Credit	<b>23,20,14,447</b>	19,52,85,859
Bank Guarantee	<b>24,51,000</b>	50,000
31.1 The company has also given Corporate Guarantee to bankers for loans availed by its subsidiary company Vallabh Tinplate Private Limited.		
<b>Note : 32 PRESENTATION OF FINANCIAL STATEMENTS</b>		
Financial Statements are drawn in accordance with Schedule VI and other presentational requirements of the Companies Act, 1956. Previous year's figures have been recasted/regrouped/ rearranged wherever considered necessary to make them comparable with current year's figures.		
<b>Note : 33 SIGNIFICANT ACCOUNTING POLICIES</b>		
<b>a) Accounting Convention</b>		
The financial statements, other than the cash flow statement, are prepared on accrual basis under the historical cost convention treating the entity as a going concern and in accordance with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.		
<b>b) Fixed Assets</b>		
Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost comprises purchase price/construction cost and any directly attributable cost of bringing the asset to its working condition for its intended use. The borrowing costs in respect of qualifying assets incurred till the asset is ready for its intended use are capitalized.		
<b>c) Depreciation</b>		
Depreciation on Fixed Assets in GPGC unit is charged on the Straight Line Method. The depreciation on fixed assets on other units is charged on Written Down Value method. Depreciation is charged at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.		
<b>d) Impairment of Assets</b>		
At each Balance Sheet date, an assessment is made whether any indication exists that an asset has been impaired in terms of Accounting Standard 28 issued by the Institute of Chartered Accountants of India (ICAI). If such an 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 and charged to the Statement of Profit and Loss. The impairment loss recognized in prior accounting periods is reversed if there is a change in the estimate of recoverable amount of an asset.		
<b>e) Revenue Recognition</b>		
<ul style="list-style-type: none"> <li>- Revenue from sale of goods is recognised at the point of passing of title of goods to the customer which generally coincides with delivery.</li> <li>- Sales value is inclusive of Excise Duty paid at the time of clearance of goods but exclusive of VAT.</li> <li>- Export sales are accounted for on the basis of "Let Export" date.</li> <li>- Revenue in respect of export incentives is recognised when such incentives accrue upon export of goods.</li> </ul>		



**f) Inventories**

Inventories are valued at cost or net realizable value, whichever is lower after providing for obsolescence, if any. The cost in respect of various items of inventories is determined as under:

- In case of raw materials, stores and spares, at weighted average cost;
- In case of work in process, at the raw material cost plus conversion cost depending upon the stage of completion of goods;
- In case of finished goods, at the raw material cost, conversion cost and other overheads incurred to bring the goods to their present location and condition.

**g) Investments**

Long term investments are carried at cost less provisions, if any, for permanent diminution in value.

**h) Foreign Exchange Transactions**

Transactions in foreign currency are recorded at the exchange rates prevalent at the time of transaction. Foreign currency assets and liabilities are stated at the exchange rates prevailing at the date of Balance Sheet or at forward contract rates, wherever so covered. Realised gains or losses on foreign exchange transactions, other than those relating to fixed assets are recognised in the Statement of Profit & Loss. The difference in foreign exchange rates in case of Fixed Assets is adjusted to the cost of the fixed assets.

**i) Accounting for Taxes on Income**

Provision for current tax is made on the basis of aggregate amount of income tax actually payable for the year on the estimated taxable income computed in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax resulting from timing difference between book profit and tax profit is accounted for at the enacted rate of tax to the extent that the timing differences are expected to reverse in future. Deferred Tax Assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred Tax Assets in respect of unabsorbed depreciation and carried forward losses are recognised only to the extent there is virtual certainty that future taxable income will be available to realise these assets. In terms of Guidance Note on 'Accounting for Credit available in respect of Minimum Alternate Tax (MAT) under the Income Tax Act, 1961' issued by the Institute of Chartered Accountants of India, MAT credit is recognised as an asset only to the extent there is a convincing evidence that the company will be paying normal income tax during the specified period.

**j) Employee Benefits**

**1. Short-term employee benefits**

Short-term employee benefits are recognised as an expense in Statement of Profit & Loss in the year in which the related services are rendered by the employees.

**2. Retirement Benefits**

**Defined Contribution Plans**

Contributions to the Employees' Provident Fund are made in accordance with the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Such contributions are charged to the Statement of Profit & Loss of the year in which the related services are rendered by the employees.

**Defined Benefit Plans**

Liability in respect of Gratuity is accounted for on the basis of an Actuarial Valuation. The present value of defined benefit obligation as at the end of the year is determined using the Projected Unit Credit Method i.e. each period of service rendered by the employee is considered to give rise to an additional unit of benefit entitlement, gradually building up the final obligation.

**k) Contingent Liabilities**

No Provision is made for liabilities that are contingent in nature, unless it is probable that future events will confirm that an asset has been impaired or a liability incurred as at the Balance Sheet date and a reasonable estimate of the resulting loss can be made. However, all known, material liabilities are disclosed by way of separate notes.

As per our separate report of even date  
**FOR RAJ GUPTA & CO.**  
Chartered Accountants  
FRN- 000203N

For and on behalf of the Board

Sd/-  
**(Sandeep Gupta)**  
Partner  
M.No. 529774

Sd/-  
**(Kapil Kumar Jain)**  
Chairman

Sd/-  
**(Rahul Jain)**  
Managing Director

Sd/-  
**(Vikram Jain)**  
Director

Place : Ludhiana  
Dated : 06.06.2013



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

### INDEPENDENT AUDITORS' REPORT

To

**The Board of Directors of  
VARDHMAN INDUSTRIES LIMITED,**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Vardhman Industries Limited ("the Company") and its subsidiary (collectively referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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 March 31, 2013;
- b) in the case of the consolidated Statement of Profit and Loss, of the profit of the group for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the group for the year ended on that date.

**For RAJ GUPTA & CO.**  
Chartered Accountants  
FRN- 000203N

Place : Ludhiana  
Dated : 06.06.2013

Sd/-  
**(SANDEEP GUPTA)**  
Partner  
M. No. 529774



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	NOTE	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	1	<b>7,94,76,000</b>	7,94,76,000
(b) Reserves and Surplus	2	<b>68,31,64,851</b>	65,48,32,852
<b>Minority Interest</b>		<b>7,11,16,379</b>	3,27,70,310
<b>Non-current Liabilities</b>			
(a) Long-term Borrowings	3	<b>1,50,37,68,650</b>	91,76,68,664
(b) Deferred tax Liability (net)	4	<b>13,47,35,302</b>	11,68,46,456
(c) Other Long-term Liabilities	5	<b>9,55,51,176</b>	8,84,14,070
(d) Long-term Provisions	6	<b>40,91,762</b>	28,53,650
<b>Current Liabilities</b>			
(a) Short-term Borrowings	7	<b>1,07,26,21,575</b>	68,14,04,106
(b) Trade Payables	8	<b>31,09,04,559</b>	21,24,71,387
(c) Other Current Liabilities	9	<b>25,86,93,779</b>	42,76,08,043
(d) Short-term Provisions	10	<b>37,42,171</b>	95,85,532
<b>Total</b>		<b>4,21,78,66,204</b>	3,22,39,31,070
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		<b>2,15,71,48,872</b>	1,02,68,43,285
(ii) Capital Work-in-Progress		<b>2,55,57,002</b>	79,82,63,439
(b) Non-current Investments	12	<b>4,81,03,158</b>	4,78,38,000
(c) Long-term Loans and Advances	13	<b>1,93,06,933</b>	7,90,25,660
<b>Current Assets</b>			
(a) Inventories	14	<b>60,55,71,720</b>	40,83,19,014
(b) Trade Receivables	15	<b>89,27,91,107</b>	51,74,58,296
(c) Cash and Cash Equivalents	16	<b>10,02,92,872</b>	7,15,93,506
(d) Short-term Loans and Advances	17	<b>36,90,94,540</b>	27,45,89,870
<b>Total</b>		<b>4,21,78,66,204</b>	3,22,39,31,070
Significant Accounting Policies	33		
Notes on Financial Statements	1 to 33		

As per our separate report of even date  
**FOR RAJ GUPTA & CO.**  
Chartered Accountants  
FRN- 000203N

For and on behalf of the Board

Sd/-  
**(Sandeep Gupta)**  
Partner  
M.No. 529774

Sd/-  
**(Kapil Kumar Jain)**  
Chairman

Sd/-  
**(Rahul Jain)**  
Managing Director

Sd/-  
**(Vikram Jain)**  
Director

Place : Ludhiana  
Dated : 06.06.2013



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.03.2013 ₹	FOR THE YEAR ENDED 31.03.2012 ₹
<b>INCOME</b>			
Revenue from operations	18	<b>4,78,47,45,772</b>	3,83,09,43,236
Other Operating Income	19	<b>16,46,515</b>	8,00,381
<b>Total Revenue</b>		<b>4,78,63,92,287</b>	3,83,17,43,617
<b>EXPENSES</b>			
Cost of Materials Consumed	20	<b>4,19,15,94,854</b>	3,13,04,77,416
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	<b>(19,12,43,795)</b>	7,42,05,183
Employee Benefit Expense	22	<b>7,49,51,813</b>	4,81,85,027
Finance Costs	23	<b>15,27,47,685</b>	9,95,50,608
Depreciation and Amortization Expense	11	<b>8,30,71,294</b>	5,67,15,702
Other Expenses	24	<b>39,51,71,338</b>	29,98,39,714
<b>Total Expenses</b>		<b>4,70,62,93,189</b>	3,70,89,73,650
<b>PROFIT BEFORE TAX</b>		<b>8,00,99,098</b>	12,27,69,967
Less: Exceptional Items		<b>2,83,32,185</b>	-
<b>Profit after Exceptional Items</b>		<b>5,17,66,913</b>	12,27,69,967
Tax Expense			
- Current Tax		<b>1,03,34,954</b>	2,45,63,508
- Less: MAT Credit Entitlement		<b>1,03,34,954</b>	41,66,012
Net Current Tax		-	2,03,97,496
Deferred Tax		<b>1,78,88,846</b>	2,73,07,313
<b>PROFIT FOR THE YEAR</b>		<b>3,38,78,067</b>	7,50,65,158
Less: Minority Interest		<b>53,59,428</b>	-
<b>Profit for the year after Minority Interest</b>		<b>2,85,18,639</b>	7,50,65,158
Basic and Diluted Earning Per Share	25	<b>3.61</b>	9.51
Significant Accounting Policies	33		
Notes on Financial Statements	1 to 33		

As per our separate report of even date  
**FOR RAJ GUPTA & CO.**  
 Chartered Accountants  
 FRN- 000203N

For and on behalf of the Board

Sd/-  
**(Sandeep Gupta)**  
 Partner  
 M.No. 529774

Sd/-  
**(Kapil Kumar Jain)**  
 Chairman

Sd/-  
**(Rahul Jain)**  
 Managing Director

Sd/-  
**(Vikram Jain)**  
 Director

Place : Ludhiana  
 Dated : 06.06.2013



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

PARTICULARS	CURRENT YEAR 2012-13 ₹	PREVIOUS YEAR 2011-12 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before Tax & Exceptional Items	8,00,99,098	12,27,69,967
<b>Adjustment for:</b>		
Depreciation	8,30,71,294	5,67,15,702
Exceptional Items	(2,83,32,185)	-
Finance Costs	15,27,47,685	9,95,50,608
<b>Operating Profit before Working Capital Changes</b>	<b>28,75,85,892</b>	<b>27,90,36,277</b>
<b>Adjustment for:</b>		
Trade and Other Receivables	(41,01,18,754)	(19,65,31,880)
Inventories	(19,72,52,706)	34,32,516
Trade and Other Payables	(6,59,10,342)	29,53,49,712
Cash Generated from operations	(38,56,95,910)	38,12,86,625
Direct Taxes	-	(2,03,97,496)
<b>Net Cash from Operating Activities</b>	<b>(38,56,95,910)</b>	<b>36,08,89,129</b>
<b>B. Cash Flow from Investing Activities</b>		
Payments for capital goods	(44,06,72,363)	(1,07,28,71,196)
Sale of Fixed Assets	1,920	-
Purchase of Investments	(2,65,158)	-
<b>Net cash used in Investing Activities</b>	<b>(44,09,35,601)</b>	<b>(1,07,28,71,196)</b>
<b>C. Cash Flow from Financing Activities</b>		
Finance Costs	(15,27,47,685)	(9,95,50,608)
Dividend paid	(78,95,200)	(78,95,200)
Corporate Dividend Tax	(12,80,799)	(12,80,799)
Issue of shares to Minority	3,28,00,000	1,31,50,000
Movement in Long-term borrowings	59,32,37,092	64,56,80,311
Movement in Working Capital Borrowings	39,12,17,469	17,53,50,481
<b>Net Cash from Financing Activities</b>	<b>85,53,30,877</b>	<b>72,54,54,185</b>
<b>Net Change in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>2,86,99,366</b>	<b>1,34,72,118</b>
Cash & Cash Equivalents at the beginning of the year	7,15,93,506	5,81,21,388
Cash & Cash Equivalents at the end of the year	10,02,92,872	7,15,93,506

As per our separate report of even date  
**FOR RAJ GUPTA & CO.**  
 Chartered Accountants  
 FRN- 000203N

For and on behalf of the Board

Sd/-  
**(Sandeep Gupta)**  
 Partner  
 M.No. 529774

Sd/-  
**(Kapil Kumar Jain)**  
 Chairman

Sd/-  
**(Rahul Jain)**  
 Managing Director

Sd/-  
**(Vikram Jain)**  
 Director

Place : Ludhiana  
 Dated : 06.06.2013





## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

### NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2013  
₹

AS AT 31.03.2012  
₹

#### Note : 1 SHARE CAPITAL

##### SHARE CAPITAL

##### AUTHORIZED SHARE CAPITAL:

80,00,000 Equity Shares of Rs. 10/- each **8,00,00,000** 8,00,00,000

##### ISSUED, SUBSCRIBED & PAID UP CAPITAL:

78,95,200 Equity Shares of Rs. 10/- each fully paid up **7,89,52,000** 7,89,52,000

Add: Shares forfeited (Amount Paid-up) **5,24,000** 5,24,000

**Total** **7,94,76,000** 7,94,76,000

1.1 The detail of shareholders holding more than 5% shares

Name of the Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of shares	% of Holding	No. of shares	% of Holding
M/s. Vallabh Steels Limited	6,66,600	8.44	6,66,600	8.44
M/s. Associated Leasing Limited	7,47,400	9.47	7,47,400	9.47

1.2 The reconciliation of number of shares outstanding is set out below

Shares outstanding at the beginning of the year	<b>78,95,200</b>	78,95,200
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	<b>78,95,200</b>	78,95,200

#### Note : 2 RESERVES & SURPLUS

Securities Premium (A) **1,97,38,000** 1,97,38,000

##### General Reserve

As at Commencement of the Year **5,14,83,707** 4,89,83,707

Add: Transfer from Statement of Profit and Loss **25,00,000** 25,00,000

Add: Share in Reserve & Surplus **62,35,536** 10,46,233

(B) **6,02,19,243** 5,25,29,940

##### Profit and Loss Account

As at Commencement of the Year **58,25,64,912** 51,91,75,753

Add: Profit for the year **2,31,42,696** 7,50,65,158

**60,57,07,608** 59,42,40,911

##### Less: Appropriations

Transferred to General Reserve **25,00,000** 25,00,000

Proposed Dividend on Equity Shares - 78,95,200

Corporate Dividend Tax - 12,80,799

(C) **60,32,07,608** 58,25,64,912

**Total (A+B+C)** **68,31,64,851** 65,48,32,852



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2013	AS AT 31.03.2012
	₹	₹

### Note : 3 LONG-TERM BORROWINGS

#### A) Secured Loans

Term Loans from Banks:	Rate of Interest		
IDBI Bank Limited	13.25%	<b>13,35,89,874</b>	16,00,77,771
State Bank of India	13.15%	<b>35,26,43,841</b>	27,15,03,180
Allahabad Bank	13.20%	<b>2,03,49,642</b>	3,05,03,396
Oriental Bank of Commerce	13.75%	<b>17,86,99,472</b>	15,05,96,901
Vehicle Loans from Banks		<b>16,27,940</b>	14,49,364
Buyer's Credit from Banks		<b>27,28,25,595</b>	23,36,79,455
	<b>Total (A)</b>	<b><u>95,97,36,364</u></b>	<b><u>84,78,10,067</u></b>

- 3.1 Term Loans of Parent Company from IDBI Bank Limited and SBI are secured on pari passu basis by way of equitable mortgage created by deposit of title deeds of immovable properties of GPGC Sheet unit and by way of hypothecation of all movable properties of the said unit including movable machinery, machinery spares, tools and accessories, present and future, subject to the prior charge(s) created and/or to be created by the company on Current Assets of the Company for working capital facilities. These loans have been guaranteed by three directors of the Company.
- 3.2 Term Loan of Parent Company from Allahabad Bank is secured by tangible Fixed Assets of the CR unit at Rajpura and also guaranteed by three directors of the Company.
- 3.3 Term Loans of Subsidiary Company from IDBI, OBC and SBI are secured by way first charge on pari passu basis on entire present and future Fixed Assets of the Company. It is further secured by mortgage of leasehold rights of land belonging to parent Company Vardhman Industries Limited and second charge on entire Current Assets of the Company. It is further guaranteed by two Directors of the Company and Corporate Guarantee by Parent Company.
- 3.4 Vehicle Loans have been taken from ICICI Bank Limited and HDFC Bank Limited. These are secured by way of hypothecation of specific vehicle and personally guaranteed by one director. The rate of interest ranges from 9.36% p.a. to 12.45% p.a.
- 3.5 Buyer's Credit has been availed by Subsidiary Company under Capex LC/TC BG from IDBI Bank Limited and Oriental Bank of Commerce.
- 3.6 Terms of Repayment  
in case of IDBI, instalments payable upto 2018-19.  
in case of SBI, instalments payable upto 2019-20.  
In case of AB, instalments payable upto 2015-16.  
In case of OBC, instalments payable upto 2019-20.

#### B) Unsecured Loans

From Shareholders, Directors and their relatives	<b>54,40,32,286</b>	6,98,58,597
<b>Total (B)</b>	<b><u>54,40,32,286</u></b>	<b><u>6,98,58,597</u></b>
<b>Total (A+B)</b>	<b><u>1,50,37,68,650</u></b>	<b><u>91,76,68,664</u></b>

### Note : 4 DEFERRED TAX LIABILITY (NET)

<b>Deferred Tax Liability</b>		
Relating to Fixed Assets	<b>14,44,89,889</b>	11,75,49,556
<b>Deferred Tax Assets</b>		
Relating to disallowances u/s 43B of Income Tax Act	<b>97,54,587</b>	7,03,100
<b>Total</b>	<b><u>13,47,35,302</u></b>	<b><u>11,68,46,456</u></b>



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
<b>Note : 5 OTHER LONG TERM LIABILITIES</b>		
Deferred Credits	9,40,76,157	8,73,58,813
Security Deposits	14,75,019	10,55,257
<b>Total</b>	<b>9,55,51,176</b>	<b>8,84,14,070</b>
<b>Note : 6 LONG TERM PROVISIONS</b>		
Gratuity	40,91,762	28,53,650
<b>Total</b>	<b>40,91,762</b>	<b>28,53,650</b>
<b>Note : 7 SHORT TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Working Capital Loans from Banks	1,07,26,21,575	68,14,04,106
<b>Total</b>	<b>1,07,26,21,575</b>	<b>68,14,04,106</b>
7.1 Working Capital borrowings of parent company from State Bank of India and IDBI Bank Limited are secured by hypothecation of entire present and future tangible current assets of the GPGC unit of the Company on pari passu basis and personally guaranteed by three of the directors. The said borrowings are also secured by way of second charge on block assets of the GPGC unit of the Company.		
7.2 Working Capital borrowings of parent company from Punjab National Bank are secured by hypothecation of entire present and future current assets of the Steel unit of the Company and personally guaranteed by three of the directors. The said borrowings are also secured by way of first charge on block assets of the Steel unit of the Company.		
7.3 Working Capital borrowings of subsidiary company are secured by hypothecation of entire present and future current assets of the Company on pari-passu basis among OBC, IDBI and SBI. It is further secured by second charge on entire Fixed Assets of the Company along with personal guarantee of two directors of the Company and corporate guarantee of parent company Vardhman Industries Limited.		
<b>Note : 8 TRADE PAYABLES</b>		
Sundry Creditors	31,09,04,559	21,24,71,387
<b>Total</b>	<b>31,09,04,559</b>	<b>21,24,71,387</b>
8.1 Based on the information available with the company regarding the coverage of its suppliers under the Micro, Small and Medium Enterprises Development Act 2006, no amount was due to any party covered under the said Act.		
8.2 Balances of creditors are subject to confirmation and reconciliation.		
<b>Note : 9 OTHER CURRENT LIABILITIES</b>		
Current Maturity of Long-term Debt	18,47,98,576	13,31,50,452
Duties & Taxes payable	66,09,154	42,53,542
Other Current Liabilities	3,79,12,700	2,66,45,013
Advance Received from Customers	1,75,08,810	2,87,96,493
Cheques issued but not presented for payment	1,18,64,539	9,90,59,084
Sundry Creditors for Capital Goods	-	13,57,03,459
<b>Total</b>	<b>25,86,93,779</b>	<b>42,76,08,043</b>
<b>Note : 10 SHORT-TERM PROVISIONS</b>		
Provision For contribution to PF, ESI etc.	5,16,888	4,09,533
Provision for Taxation	32,25,283	-
Proposed Dividend	-	78,95,200
Corporate Dividend Tax	-	12,80,799
<b>Total</b>	<b>37,42,171</b>	<b>95,85,532</b>



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

### NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2013  
₹

AS AT 31.03.2012  
₹

#### Note : 11 NON-CURRENT ASSETS

##### Fixed Assets

(i) Tangible Assets	<b>2,54,62,65,605</b>	1,33,32,16,804
(ii) Capital Work-in-Progress	<b>2,55,57,002</b>	79,82,63,439
Accumulated Depreciation Provision on Tangible Assets	<b>(38,91,16,733)</b>	(30,63,73,519)
<b>Total</b>	<b>2,18,27,05,874</b>	1,82,51,06,724

#### FIXED ASSETS & DEPRECIATION

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 01.04.2012	Additions	Sales/ Adjust- ments	As At 31.03.2013	As At 01.04.2012	For the Year	Adjust- ment	As At 31.3.2013	As At 31.3.2013	As At 31.3.2012
Land	2,77,07,387	1,18,45,500	-	<b>3,95,52,887</b>	-	-	-	<b>3,95,52,887</b>	2,77,07,387	
Building	1,42,25,50,93	20,88,69,775	-	<b>35,11,24,868</b>	2,59,47,773	<b>68,80,862</b>	-	<b>3,28,28,635</b>	<b>31,82,96,233</b>	11,63,07,320
Furniture & Fixture	41,88,782	4,26,950	-	<b>46,15,732</b>	15,46,465	<b>2,44,233</b>	-	<b>17,90,698</b>	<b>28,25,034</b>	26,42,317
Plant and Machinery	1,12,20,08,729	98,93,13,224	-	<b>2,11,13,21,953</b>	26,46,40,264	<b>7,25,58,875</b>	-	<b>33,71,99,139</b>	<b>1,77,41,22,814</b>	85,73,68,465
Vehicles	3,70,56,813	29,23,352	3,30,000	<b>3,96,50,165</b>	1,42,39,017	<b>33,87,324</b>	3,28,080	<b>1,72,98,261</b>	<b>2,23,51,904</b>	2,28,17,796
<b>Total</b>	<b>1,33,32,16,804</b>	<b>1,21,33,78,801</b>	<b>3,30,000</b>	<b>2,54,62,65,605</b>	<b>30,63,73,519</b>	<b>8,30,71,294</b>	<b>3,28,080</b>	<b>38,91,16,733</b>	<b>2,15,71,48,872</b>	<b>1,02,68,43,285</b>
Previous Year	91,94,98,561	41,37,18,243	-	1,33,32,16,804	24,94,54,215	5,67,15,702	2,03,602	30,63,73,519	1,02,68,43,285	67,00,44,346

#### Note : 12 NON-CURRENT INVESTMENTS

##### Trade Investments

##### Quoted fully paid equity shares:

Vallabh Steels Limited 2,95,000 shares of the face value of ₹10/- each	<b>29,50,000</b>	29,50,000
Associated Leasing Limited 20,000 shares of the face value of ₹10/- each	<b>2,00,000</b>	2,00,000
Oswal Greentech Limited 10,000 shares of the face value of ₹10/- each	<b>2,65,158</b>	-

##### Unquoted fully paid equity shares:

Vallabh Textiles Company Limited 44,00,000 shares of the face value of ₹10/- each	<b>4,40,00,000</b>	4,40,00,000
--	--------------------	-------------

##### Other Investments

##### Quoted fully paid equity shares:

SBI Infrastructure Fund 40,000 units of the face value of ₹10/- each	<b>4,00,000</b>	4,00,000
DMC Education Limited 72,000 shares of the face value of ₹5/- each	<b>2,88,000</b>	2,88,000

**Total** **4,81,03,158** 4,78,38,000

12.1 Aggregate value of Quoted Investments	<b>41,03,158</b>	38,38,000
Market value of Quoted Investments	<b>52,80,890</b>	52,07,580
Aggregate value of Unquoted Investments	<b>4,40,00,000</b>	4,40,00,000



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2013 ₹	AS AT 31.03.2012 ₹
<b>Note : 13 LONG-TERM LOANS &amp; ADVANCES</b>		
Security Deposits	1,93,06,933	1,85,62,149
Advances for Capital Goods	-	6,04,63,511
<b>Total</b>	<b>1,93,06,933</b>	<b>7,90,25,660</b>
<b>Note : 14 INVENTORIES</b>		
Raw Material	16,62,42,640	18,18,20,800
Work in Progress	3,88,28,908	2,27,91,561
Finished Goods	30,07,37,430	12,55,30,982
Stores & Spares	2,34,66,140	81,91,046
Goods in Transit	7,62,96,602	6,99,84,625
<b>Total</b>	<b>60,55,71,720</b>	<b>40,83,19,014</b>
<b>Note : 15 TRADE RECEIVABLES</b>		
Debtors outstanding for a period exceeding six months		
- Considered Good	46,32,433	45,35,745
- Considered Doubtful	-	-
Other Debtors		
- Considered Good	88,81,58,674	51,29,22,551
<b>Total</b>	<b>89,27,91,107</b>	<b>51,74,58,296</b>
15.1 Balances of debtors are subject to confirmation and reconciliation		
<b>Note : 16 CASH &amp; CASH EQUIVALENTS</b>		
Cash in Hand	8,63,353	12,19,893
Cheques in Hand	85,70,690	-
Balance with Banks:		
- Current Accounts	2,62,30,300	85,34,627
- Fixed Deposits With Banks (under Lien with Banks as Margin Money)	6,46,28,529	6,18,38,986
<b>Total</b>	<b>10,02,92,872</b>	<b>7,15,93,506</b>
16.1 Balance with banks include unpaid dividend of ₹13,05,052/- (Previous Year ₹8,65,033/-)		
<b>Note : 17 SHORT-TERM LOANS &amp; ADVANCES (Unsecured &amp; Considered Good)</b>		
Advance to Suppliers & Others recoverable in cash or in kind or for value to be received	30,51,52,623	22,49,06,940
Prepaid Expenses	64,04,291	39,03,284
Income Tax	3,55,93,154	1,61,41,487
Other Current Assets	11,34,653	42,85,071
Other Balances with Excise Authorities	63,08,853	2,11,87,076
MAT Credit Entitlement	1,45,00,966	41,66,012
<b>Total</b>	<b>36,90,94,540</b>	<b>27,45,89,870</b>



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS		YEAR ENDING 31.03.2013 ₹	YEAR ENDING 31.03.2012 ₹
<b>Note : 18 REVENUE FROM OPERATIONS</b>			
Turnover		5,26,10,24,893	3,84,27,40,236
Less: Excise Duty		47,62,79,121	1,17,97,000
<b>Total</b>		<b>4,78,47,45,772</b>	<b>3,83,09,43,236</b>
<b>Note : 19 OTHER OPERATING INCOME</b>			
Rent Income		15,06,774	6,00,000
Miscellaneous Income		1,39,741	2,00,381
<b>Total</b>		<b>16,46,515</b>	<b>8,00,381</b>
<b>Note : 20 COST OF MATERIALS CONSUMED</b>			
<b>A) Raw Material Consumed</b>			
Opening Stock		18,18,20,800	18,18,31,756
Purchases		4,12,74,37,791	3,10,28,61,541
		4,30,92,58,591	3,28,46,93,297
Less : Closing Stock		16,62,42,640	16,98,64,420
Raw Material Consumed	<b>Total (A)</b>	<b>4,14,30,15,951</b>	<b>3,11,48,28,877</b>
<b>B) Stores, Spares Consumed</b>			
Opening stock		81,91,046	63,07,530
Purchases		6,38,53,997	1,75,32,055
		7,20,45,043	2,38,39,585
Less: Closing Stock		2,34,66,140	81,91,046
Store Material Consumed	<b>Total (B)</b>	<b>4,85,78,903</b>	<b>1,56,48,539</b>
Total cost of material consumed	<b>Total (A+B)</b>	<b>4,19,15,94,854</b>	<b>3,13,04,77,416</b>
		<b>Year ended 31.03.2013</b>	<b>Year ended 31.03.2012</b>
		<b>Value (₹)</b>	<b>Value (₹)</b>
		<b>%age</b>	<b>%age</b>
<b>20.1 a) Raw Material Consumed</b>			
Indigenous	4,00,39,76,031	96.64	3,07,25,01,592
Imported	13,90,39,920	3.36	4,23,27,285
	<b>4,14,30,15,951</b>	<b>100.00</b>	<b>3,11,48,28,877</b>
<b>b) Stores and Spares Consumed</b>			
Indigenous	4,85,78,903	100.00	1,56,48,539
Imported	-	-	-
	<b>4,85,78,903</b>	<b>100.00</b>	<b>1,56,48,539</b>



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2013 ₹	YEAR ENDING 31.03.2012 ₹
<b>Note : 21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS &amp; STOCK-IN-TRADE</b>		
<b>Opening Stock:</b>		
Work in Progress	2,27,91,561	3,63,38,101
Finished Goods	12,55,30,982	18,61,89,625
<b>Total (A)</b>	<b>14,83,22,543</b>	<b>22,25,27,726</b>
<b>Closing Stock:</b>		
Work in Progress	3,88,28,908	2,27,91,561
Finished Goods	30,07,37,430	12,55,30,982
<b>Total (B)</b>	<b>33,95,66,338</b>	<b>14,83,22,543</b>
<b>Total (A-B)</b>	<b>(19,12,43,795)</b>	<b>7,42,05,183</b>
<b>Note : 22 EMPLOYEE BENEFIT EXPENSE</b>		
Salary, Wages, Allowances & other Benefits	6,98,74,201	4,37,90,594
Contribution to Provident and other Funds	31,45,972	25,80,300
Staff Welfare Expenses	19,31,640	18,14,133
<b>Total</b>	<b>7,49,51,813</b>	<b>4,81,85,027</b>
<b>22.1 Disclosures in terms of Accounting Standard 15 'Employee Benefits':</b>		
Reconciliation of opening and closing balances of defined benefit obligation viz Gratuity:		
- Liability at the beginning of the year	28,53,650	23,45,430
- Liability provided during the year	12,38,112	5,08,220
- Liability at the end of the year	31,78,650	28,53,650
Expense recognized in Statement of Profit and Loss:		
- Amount paid during the year	4,30,602	1,76,511
- Amount debited to Statement of Profit and Loss	16,68,714	6,84,731
<b>Note : 23 FINANCE COSTS</b>		
Interest:		
- On Term Loan	3,23,18,002	94,34,215
- On Working Capital	10,66,45,435	8,54,47,898
- To Others	73,83,221	11,187
Bank Charges and commission	64,01,027	46,57,308
<b>Total</b>	<b>15,27,47,685</b>	<b>9,95,50,608</b>
<b>Note : 24 OTHER EXPENSES</b>		
<b>A) Selling &amp; Distribution Expenses</b>		
Packing & Forwarding Charges	1,52,57,380	1,89,13,710
Rebate and Discount	2,91,83,974	53,18,404
Brokerage & Commission	29,89,650	27,25,936
Other selling expenses	39,73,933	27,55,015
Export Expenses	6,00,23,651	9,28,61,481
Advertisement	40,381	1,42,776
<b>Total (A)</b>	<b>11,14,68,969</b>	<b>12,27,17,322</b>



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2013 ₹	YEAR ENDING 31.03.2012 ₹
<b>B) Operating, Administrative &amp; Other Expenses</b>		
Power & Fuel	<b>21,41,99,323</b>	12,95,50,560
Repairs & Maintenance	<b>81,14,852</b>	65,52,630
Other manufacturing expenses	<b>2,99,65,782</b>	1,62,00,650
Rent, Rates, Fees and Taxes	<b>53,86,325</b>	54,42,815
Insurance	<b>13,06,595</b>	6,40,742
Legal & Professional charges	<b>16,49,107</b>	13,50,898
Directors' Remuneration	<b>30,00,000</b>	30,00,000
Travelling and Conveyance		
- Directors	<b>14,02,491</b>	8,22,996
- Others	<b>59,02,190</b>	32,04,767
Payment to Auditors		
- As Auditors	<b>72,500</b>	66,180
- For reimbursement of expenses	<b>37,418</b>	30,824
Postage and Telecommunications	<b>15,01,089</b>	14,36,799
Printing & Stationery	<b>9,09,325</b>	8,23,628
Repairs and Maintenance		
- Building	<b>1,64,801</b>	8,22,394
- Vehicles	<b>44,88,040</b>	29,17,302
- General	<b>6,58,367</b>	7,86,721
Charity & Donation	<b>2,350</b>	2,850
Other Miscellaneous Expenses	<b>49,41,814</b>	34,69,636
<b>Total (B)</b>	<b>28,37,02,369</b>	17,71,22,392
<b>Total (A+B)</b>	<b>39,51,71,338</b>	29,98,39,714
<b>Note : 25 EARNING PER SHARE</b>		
Profit after Tax (₹)	<b>2,85,18,639</b>	7,50,65,158
Weighted average number of ordinary shares	<b>78,95,200</b>	78,95,200
Weighted average number of diluted shares	<b>78,95,200</b>	78,95,200
Nominal Value of ordinary share (₹)	<b>10</b>	10
Basic Earning Per Share (₹)	<b>3.61</b>	9.51
Diluted Earning Per Share (₹)	<b>3.61</b>	9.51
<b>Note : 26 EARNINGS IN FOREIGN EXCHANGE</b>		
Export of Goods on FOB basis	<b>62,10,73,501</b>	84,49,01,990
<b>Note : 27 VALUE OF IMPORTS ON CIF BASIS</b>		
Raw Material, Spare parts & components	<b>13,90,39,920</b>	4,23,27,285
Capital Goods	<b>7,46,98,456</b>	41,20,84,125
<b>Note : 28 EXPENDITURE IN FOREIGN CURRENCY</b>		
Travelling, Sales Promotion & others	<b>20,06,220</b>	26,24,330
<b>NOTE : 29 REMUNERATION TO KEY MANAGEMENT PERSONNEL</b>		
Mr. Rahul Jain	<b>31,74,447</b>	31,68,447





## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

### Note : 30 SEGMENT REPORTING

The company operates in only one segment viz Iron and Steel.

### Note : 31 CONTINGENT LIABILITIES NOT PROVIDED FOR

Capital Contracts	1,02,30,000	7,88,25,749
Letters of Credit	25,44,46,281	29,60,99,679
Bank Guarantee	24,51,000	50,000

### Note : 32 PRESENTATION OF FINANCIAL STATEMENTS

Financial Statements are drawn in accordance with Schedule VI and other presentational requirements of the Companies Act, 1956. Previous year's figures have been recasted/regrouped/ rearranged wherever considered necessary to make them comparable with current year's figures.

### Note : 33 SIGNIFICANT ACCOUNTING POLICIES

#### a) Accounting Convention

The accounts of Vardhman Industries Limited (The parent company) and its subsidiary Vallabh Tinplate Private Limited have been consolidated in accordance with generally accepted Accounting principles and in conformity with the Accounting Standard on Consolidated Financial Statements (AS-21) notified in the Companies (Accounting Standards) Rules, 2006.

#### b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost comprises purchase price/construction cost and any directly attributable cost of bringing the asset to its working condition for its intended use. The borrowing costs in respect of qualifying assets incurred till the asset is ready for its intended use are capitalized.

#### c) Depreciation

Depreciation on fixed assets in the GP/GC unit is charged on the straight line method. The depreciation on fixed assets in other units is charged on the written down value method. Depreciation is charged at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956. Depreciation on assets of subsidiary company is charged on straight line method.

#### d) Impairment of Assets

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired in terms of Accounting Standard 28 issued by Institute of Chartered Accountants of India (ICAI). If such an 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 and charged to the Statement of Profit & Loss. The impairment loss recognized in prior accounting periods is reversed if there is a change in the estimate of recoverable amount of an asset.

#### e) Revenue Recognition

- Revenue from sale of goods is recognized at the point of passing of title of the goods to the customer which generally coincides with delivery.
- Sale value is inclusive of excise duty paid at the time of clearance of goods but exclusive of sales tax.
- Export sales are accounted for on the basis of the "Let Export" date.
- Revenue in respect of export incentives is recognized when such incentives accrue upon export of goods.

#### f) Inventories

Inventories are valued at cost or net realizable value, whichever is lower after providing obsolescence, if any. The cost in respect of various items of inventory is determined as under:

- In case of Raw Materials, stores and spares, at weighted average cost;
- In case of Work in Process, at the raw material cost plus conversion cost depending upon the stage of completion of goods;
- In case of Finished Goods at the raw material cost, conversion cost and other overheads incurred to bring the goods to their present location and condition.

#### g) Investments

Long-term investments are carried at cost less provisions, if any, for permanent diminution in value. Current investments are carried at lower of cost or fair value.

#### h) Foreign Exchange Transactions

Transactions in foreign currency are recorded at the exchange rates prevalent at the time of transaction. Foreign Currency assets and liabilities are stated at the exchange rates prevailing at



## CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

the date of Balance Sheet or at forward contract rates, wherever so covered. Realized gains or losses on foreign exchange transactions, other than those relating to fixed assets, are recognized in the Statement of Profit and Loss. The difference in foreign exchange rates in the case of fixed assets is adjusted to the cost of fixed assets.

**i) Accounting for Taxes on Income**

Provision for current tax is made on the basis of aggregate amount of income tax actually payable for the year on the estimated taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from the timing differences between Book Profit and Tax Profit is accounted for at the enacted rate of tax to the extent that the timing differences are expected to reverse in future. Deferred Tax Assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Assets in respect of unabsorbed depreciation and carried forward losses are recognized only to the extent there is a virtual certainty that future taxable income will be available to realize these assets.

In terms of the Guidance Note on "Accounting for Credit available in respect of Minimum Alternate Tax (MAT) under the Income Tax Act, 1961" issued by the Institute of Chartered Accountant of India, MAT credit is recognized as an asset only to the extent there is a convincing evidence that the company will be paying normal income tax during the specified period.

**j) Employee Benefits**

**1. Short-term employee benefits**

Short-term employee benefits are recognized as an expense in the Statement of Profit & Loss in the year in which the related services are rendered by the employees.

**2. Retirement benefits**

**Defined contribution plans**

Contributions to the employees' provident fund are made in accordance with the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Such contributions are charged to the Statement of Profit & Loss of the year in which the related services are rendered by the employees.

**Defined benefit plans**

Liability in respect of Gratuity is accounted for on the basis of an actuarial valuation. The present value of defined benefit obligation as at the end of the year is determined using the Projected Unit Credit method i.e. each period of service rendered by the employee is considered to give rise to an additional unit of benefit entitlement, gradually building up the final obligation.

**k) Contingent Liabilities**

No provision is made for liabilities that are contingent in nature, unless it is probable that future events will confirm that an asset has been impaired or a liability incurred as at the balance sheet date and a reasonable estimate of the resulting loss can be made. However, all known, material contingent liabilities are disclosed by way of separate notes.

As per our separate report of even date

**FOR RAJ GUPTA & CO.**

Chartered Accountants  
FRN- 000203N

Sd/-  
**(Sandeep Gupta)**  
Partner  
M.No. 529774

Place : Ludhiana  
Dated : 06.06.2013

For and on behalf of the Board

Sd/-  
**(Kapil Kumar Jain)**  
Chairman

Sd/-  
**(Rahul Jain)**  
Managing Director

Sd/-  
**(Vikram Jain)**  
Director



# VARDHMAN INDUSTRIES LIMITED

**VARDHMAN INDUSTRIES LIMITED**  
Registered Office : 2nd Floor, Jeevan Deep Building,  
Parliament Street, New Delhi-110001.

## ATTENDANCE SLIP

I/We hereby record my/our presence at the 29th Annual General Meeting held on Monday, the 30th September, 2013 at 1.30 P. M. at AF 1&2, First Floor, 2-Jaisav Place, 5006, Hamdard Marg, Hauz Qazi, Delhi-110006

DP. ID\*

Master Folio No.

Client ID\*

No. of Share(s) held

NAME OF SHAREHOLDER/PROXY \_\_\_\_\_  
ADDRESS \_\_\_\_\_

(SIGNATURE OF SHAREHOLDER/PROXY) \_\_\_\_\_

\*Applicable for investors holding shares in electronic form.

- Notes :** (i) Members/Proxyholders are requested to produce the attendance slip duly signed for admission to the meeting hall.  
(ii) Members are requested to bring their copy of Annual Report.

----- (Cut Here) -----

**VARDHMAN INDUSTRIES LIMITED**  
Registered Office : 2nd Floor, Jeevan Deep Building,  
Parliament Street, New Delhi-110001.

DP. ID\*

## PROXY FORM

Master Folio No.

Client ID\*

No. of Share(s) held

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ being the member/members  
of **VARDHMAN INDUSTRIES LIMITED**, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held on Monday, the 30th September, 2013 at 1.30 P.M. and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signature \_\_\_\_\_

Address \_\_\_\_\_

Affix a  
₹1/-  
Revenue  
Stamp

\*Applicable for investors holding shares in electronic form.

- Notes :**
- (i) A Member entitled to attend & vote at the meeting is entitled to appoint a proxy to attend & vote on poll instead of himself/herself.
- (ii) The proxy form duly signed across the revenue stamp of ₹1/- should reach the Company's Regd. Office at least 48 hours before the scheduled time of the meeting.

**BOOK POST**  
(PRINTED MATTER)

If undelivered please return to :

**VARDHMAN INDUSTRIES LIMITED**

G.T. Road, Pawa, Sahnewal,  
Ludhiana - 141 120.

**MACRO**  
TEL.: 98150-00749



# VARDHMAN INDUSTRIES LIMITED

(Govt. of India Recognised Two Star Export House)  
Administrative Office : G. T. Road, Sahnewal, Ludhiana - 141 120 (INDIA)  
Phones : +91-161-2511412, 2511413, Fax : +91-161-2511414  
E-mail : vardhman@vallabhgroup.com

## FORM A

(Pursuant to Clause 31 (a) of the Listing Agreement)

1.	Name of the Company	Vardhman Industries Limited
2.	Annual financial statements for the year ended	31st March, 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	N.A

For Raj Gupta & Co.,  
Chartered Accountants  
(FRN 000203N)

(R.K. Gupta)  
Partner  
M.No. 017039



For Vardhman Industries Limited

(Rahul Jain)  
Managing Director

(Suresh Gupta)  
Chairman of the Audit Committee

Date: 06-06-2013  
Place: Ludhiana

(Surinder Singh)  
Chief Financial Officer

ISO 9001



Registered Firm

Registered Office : 2nd Floor, Jeevan Deep Building, Parliament Street, New Delhi - 110 001. (INDIA)  
Phones : +91-11-23742401-02, Fax : +91-11-23742403  
www.vallabhgroup.com