



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 CIN: L74899DL1984PLC019492

VIL: BSE: 2016-17

October 1, 2016

The Secretary,
BSE Limited,
27th Floor, P.J. Towers,
Dalal Street, Mumbai- 400 001
Maharashtra (India)


Dear Sir/Madam,

Sub: Annual Report 2015-16 of Vardhman Industries Limited ('the Company')

With reference to the subject cited above and pursuant to the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report for the financial year 2015-16.

Request you to take the above on record.

Thanking you
Yours faithfully,
For Vardhman Industries Limited


Managing Director

Encl: As above



Registered Office: Flat No.-1309, 13th Floor, Vikram Tower, Rajendra Place, New Delhi-110 008 (India).

Phones : +91- 11-25743060, 25742403, Fax: +91-11-25742403 Website: www.vallabhgroup.com



32nd Annual Report
2015-2016

VARDHMAN INDUSTRIES LIMITED



VARDHMAN INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Kapil Kumar Jain	Chairman
Mr. Rahul Jain	Managing Director
Mr. Vikram Jain	Director
Mr. Ashok Kumar Jain	Director
Mr. Ashwani Kumar	Director
Mrs. Radhika Gupta	Director

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Rajesh Sharma

STATUTORY 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
IDBI Bank Limited

REGISTERED OFFICE

1309, 13th floor, Vikram Tower,
Rajendra Place
New Delhi - 110008
(CIN: L74899DL1984PLC019492)
E-mail ID : cs.vil@vallabhgroup.com

ADMINISTRATIVE OFFICE

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

WORKS

G. T. Road, Village Beopror,
Tehsil Rajpura, Distt. Patiala (Punjab)

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NOTICE

Notice is hereby given that the 32nd Annual General Meeting (AGM) of the members of Vardhman Industries Limited will be held on Friday, the 30th September, 2016 at 1.00 P.M. at AF-1 & 2, First Floor, 2, Jaisav Place, 5006, Hamdard Marg, Hauz-Qazi, Delhi-110006 to transact the following business:-

AS ORDINARY BUSINESS

1. Adoption of financial Statements:

To consider and adopt the Audited Financial Statements of the Company including Balance-Sheet as at 31st March, 2016, Profit and Loss Statement and Cash Flow Statement for the year ended on that date, Reports of the Board and Auditors of the Company thereon, and the audited consolidated financial statement for the financial year ended March 31, 2016 together with the Report of Auditors thereon.

2. Appointment of Mr. Rahul Jain as a director liable to retire by rotation:

To appoint a Director in place of Mr. Rahul Jain (DIN: 00755312), who retires by rotation and, being eligible, offers himself for re-appointment.

3. Ratification of the Appointment of Auditors:

To ratify the appointment of Statutory Auditors and to fix their remuneration and in this regard to pass with or without modification(s), if any, the following resolution as an **Ordinary Resolution:**

“Resolved That pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the appointment of M/s. Raj Gupta & Co. (Firm Registration No.000203N), Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 33rd Annual General Meeting of the Company for the financial year 2016-17, at a remuneration as may be decided by the Board of Directors in consultation with the Auditors plus taxes and actual out of pocket expenses incurred by them in connection with aforesaid audit.”

AS SPECIAL BUSINESS

4. Re-appointment and approval of remuneration of Mr. Rahul Jain as Managing Director:

To approve the re-appointment of Mr. Rahul Jain (DIN: 00755312) as Managing Director of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as **Special Resolution:**

“Resolved That pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V and rules made thereunder including the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (including any modification or re-enactment thereof for the time being in force), subject to necessary approval, if any, and pursuant to the recommendation of Nomination and Remuneration Committee and the Board of Directors, the Company hereby approves the re-appointment of Mr. Rahul Jain (DIN: 00755312) as Managing Director of the Company for a period of Three years with effect from 28th August, 2016 to 27th August, 2019 at a managerial remuneration upto Rs. 4,00,000 (Rupee Four Lac Only) plus other perks not exceeding Rs. 30,000 (Rs. Thirty Thousand Only) per month which is in excess of the percentage of the net profit of each financial year as prescribed in Section 197 of the Act, provided that the overall remuneration in aggregate payable to all directors including the Managing Director shall not exceed 11% of the net profit of every relevant financial year on the following terms and conditions as detailed in the explanatory statement”.

“Resolved Further That upon recommendation by Nomination and Remuneration Committee, the Board of Directors be and is hereby authorised to alter and vary the terms and conditions and/or remuneration in such manner as may be agreed between the Company and Mr. Rahul Jain in accordance with the provisions of the Act, and/or any modification or re-enactment thereto and/or the Rules/guidelines issued in this respect as in force and as amended or otherwise permissible from time to time”.

“Resolved Further That notwithstanding anything contained herein above, where in any financial year during the tenure of the Managing Director the event of inadequacy or absence of profits occurs, the Company shall



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pay to Mr. Rahul Jain the remuneration as set out above by way of minimum remuneration subject to the provisions of Schedule V where it is not able to comply with such provisions, subject to prior approval of the Central Government or as otherwise permitted under the applicable Laws, Rules and Regulations.”

“**Resolved Further That** Mr. Rahul Jain shall be liable to retire by rotation and if re-appointed, the same shall not be treated as break in his services as Managing Director.”

“**Resolved Further That** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as are incidental thereto or as may be deemed necessary or desirable or expedient to give effect to this Resolution including filing necessary intimations with Registrar of Companies, obtaining necessary approvals as may be necessary and desirable to give effect to this resolution.”

5. Approval of remuneration of Cost Auditor:

To approve and ratify the remuneration of cost auditor and in this regard to consider and if thought fit, to pass with or without modifications, if any, the following resolution as an **Ordinary Resolution**:

“**Resolved That** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of remuneration of M/s. Meenu & Associates, Cost Accountants (having Firm Registration No. 100729), appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, at a remuneration of Rs. 50,000/- (Rupees Fifty Thousand Only) plus taxes and reimbursement of actual out of pocket expenses in connection with the aforesaid audit be and is hereby approved.”

“**Resolved Further That** the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. Appointment of Secretarial Auditor:

Appointment of Secretarial Auditor for the financial year ending March 31, 2017 and in this regard to consider and if thought fit, to pass with or without modification(s), if any, the following resolution as an **Ordinary Resolution**:

“**Resolved That** pursuant to the provision of section 204 of the companies Act, 2013 read with Rule 9 of the companies (Appointment and Remuneration personnel) Rules, 2014 of the companies Act, 2013, the consent of the company be and is hereby accorded to the Board of Directors (“the Board”) for appointment of M/s. RCS & Company, Company Secretaries, as the Secretarial Auditors of the company for the financial year 2016-17 on such remuneration as may be mutually decided by the Board and the Secretarial Auditors.”

“**Resolved Further That** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

PLACE : LUDHIANA

(KAPIL KUMAR JAIN)

DATED : 26.08.2016

CHAIRMAN

DIN: 00755228

NOTES:

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, which sets out details relating to Special Business at the meeting is annexed herewith.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY FORM, IN ORDER TO BE EFFECTIVE, DULY COMPLETED, STAMPED AND SIGNED, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.**



A PERSON CAN ACT AS A PROXY ON BEHALF OF THE MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

3. Corporate Members intending to send their authorized representative(s) to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of the Board Resolution together with the respective specimen signature(s) of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the company will remain closed from Saturday, the 24th September, 2016 to Friday, the 30th September, 2016 (both days inclusive).
5. Members, Proxies and Authorised representatives are requested to bring to the meeting, the attendance slips enclosed herewith duly completed and signed mentioning therein details of their DP Id and Client ID/Folio No. (as the case may be).
6. 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).
7. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of 7 (Seven) years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by Central Government. Members who have not encashed the dividend warrants for dividend declared by the Company for the years 2009-2010, 2010-2011, 2011-2012 and 2013-14 are advised to write to the Registrar and Share Transfer Agent immediately for claiming their unpaid dividends.
8. 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.
9. A brief resume of Directors to be re-appointed, nature of their expertise in specific functional areas, disclosure of relationship between directors inter-se, names of Companies in which the person holds the directorship and the membership of Committees of the board and shareholding of non-executive directors as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in the annexure to this notice.
10. Copy of the Annual Report including notice of the 32nd Annual General Meeting (AGM) of the Company, inter alia, indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes through electronic mode unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the same is being sent through the permitted mode.
11. Members are requested to bring their copy of Annual Report along with them to the AGM.
12. The Registers maintained under Section 170, 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
13. The facility for voting through ballot or polling paper will also be available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting will be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
14. Members may also note that the Notice of the 32nd AGM and the Annual Report for the financial year 2015-16 will also be available on the Company's website at www.vallabgroup.com.
15. 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. INE 458E01014. 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).



VOTING THROUGH ELECTRONIC MEANS:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 (Amendment Rules 2015) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the members facility to exercise their right to vote on resolutions proposed to be considered at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting service. The facility of casting of votes by the members using an electronic voting system will be provided by National Securities Depository Limited (NSDL).

PROCESS AND MANNER FOR E-VOTING:

The instructions for e-voting are as under:

A. In case of members receiving e-mail from RTA/NSDL (for Members whose e-mail ids are registered with the Company/Depositories):

- i. Open e-mail and open PDF file viz. "VIL-remote e-Voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
- ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
- iii. Click on "Shareholders" tab.
- iv. Put User ID and password as initial password noted in step (i) above. Click Login.
- v. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- vii. Select "EVEN" of "**Vardhman Industries Limited**", which is **104901**.
- viii. Now you are ready for remote e-voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to jatinsingal@gmail.com with a copy marked to evoting@nsdl.co.in.

B. In case Members receiving the physical copy of Notice of 32nd Annual General Meeting (for Members whose e-mail ids are not registered with the Company/Depositories or requesting physical copy):

- a. Initial password is provided in the Attendance Slip.
- b. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) of 'A' above to cast vote.
- c. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- d. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- e. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).



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- f. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. Friday, 23rd September, 2016, may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA, Mas Services Limited.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- g. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

C. General Instructions:

1. The e-voting period shall commence at 9.00 a.m. on Tuesday, 27th September, 2016 and shall end at 5.00 p.m. on Thursday, 29th September, 2016. During this period members of the Company, holding shares either in physical or in dematerialised form, as on the record date i.e. Friday, 23rd September, 2016, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
2. The Company has appointed Mr. Jatin Singal, Practicing Company Secretary (Membership No. ACS – 32448 & C.P. No. I 1976) to act as the Scrutinizer to scrutinize the voting at AGM and for e-voting process in a fair and transparent manner.
3. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
4. The results declared alongwith the report of Scrutinizer shall be placed on the website of the Company at www.vallabhgroup.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him and the same shall be communicated to Stock Exchange.
5. Members are requested to support the "Green Initiative" by registering their E-mail address with the Company, if not already registered. Those members who have changed their E-mail ID are requested to register their new E-mail ID with the Depository Participant where shares are held in Demat mode and in case the shares are held in physical form, you may register the E-mail ID with the Registrar & Share Transfer Agent 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: info@masserv.com

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

(KAPIL KUMAR JAIN)

CHAIRMAN

DIN: 00755228

PLACE : LUDHIANA

DATED : 26.08.2016



**EXPLANATORY STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 CONCERNING ITEMS 4 TO 6 OF SPECIAL BUSINESS (AS PART OF NOTICE):
FOR ITEM NO. 4**

The tenure of appointment of Mr. Rahul Jain as Managing Director shall expire on 28th August, 2016. The Nomination & Remuneration Committee and Audit Committee of the Company in their meeting held on 26th August, 2016 have recommended the re-appointment of Mr. Rahul Jain as Managing Director for a further period of Three years to the Board of Directors for approval. The Board of Directors in their meeting held on 26th August, 2016 have re-appointed Mr. Rahul Jain as Managing Director of the Company for a further period of Three years from 28th August, 2016 to 27th August, 2019 on the following terms and conditions:

1. Remuneration:

Basic Salary: The Managing Director shall be paid a Salary upto Rs. 4,00,000 /- (Rs. Four Lacs) per month exclusive of perquisites.

2. Perquisites & Allowances: In addition to Salary, the Managing Director shall be entitled to Perquisites and allowances, subject to the maximum limit of Rs. 30,000/- per month as mentioned here under:

a. Housing: Free furnished accommodation or house rent allowance equal to 50% of the basic salary. Free furnishing shall also be provided by the company alongwith other amenities. The said facility shall, however, be subject to the policy framed by the company in this respect. The expenditure incurred by the company on the gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.

b. Medical Reimbursement: Expenses incurred for self and the family (including mediclaim Insurance Premium) subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

c. Leave Travel Concession: For self and family, once in a year incurred in accordance with rules specified by the Company.

d. Car: Provision of Car alongwith driver for use for company's business and telephone at residence will not be considered as perquisites. However personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the appointee.

e. Club fee: Fees of club subject to a maximum of two clubs, excluding admission or life membership fees.

3. Provident Fund and Leave:

i) He will also be eligible for the following benefits i.e. Contribution to Provident Fund, Pension/ Superannuation fund and Gratuity as per the Rules of the Company.

ii) Earned Privilege leave as per the rules of the Company including encashment of leave at the end of the tenure, contribution of Provident Fund, Superannuation Fund, Gratuity shall not be included in the computation of limits for the remuneration or perquisites aforesaid as these are exempt under Schedule V of the Companies Act, 2013.

The approval of the members is sought for the payment of aforesaid remuneration to Mr. Rahul Jain as Managing Director which is in excess of 5% for the net profits, however within the overall limit of 11% of total remuneration to all directors. The total remuneration is within the overall percentage limit of 11% of annual net profits of the Company and accordingly there would not be inadequacy in net profits in respect to payment of remuneration to directors.

Above referred remuneration of Mr. Rahul Jain, Managing Director is comparative to the industry standards and considering his experience, competence and the strides made by the Company under his leadership, the remuneration proposed above is considered fair, just and reasonable.

Except Mr. Rahul Jain, being appointee, Mr. Kapil Kumar Jain and Mr. Vikram Jain, Directors and being relatives of Mr. Rahul Jain, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the resolution as set out in the item no. 4 in the Notice in this respect for your approval by way of passing as a special resolution.

FOR ITEM NO. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Meenu & Associates, Cost Accountants as the Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017.



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In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

FOR ITEM NO. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. RCS & Company, Company Secretaries as Secretarial Auditors to conduct the audit of the Company for the financial year 2016-17 pursuant to the provisions of Section 204 of the Act read with rule 9 of the Companies (Appointment and Remuneration personnel) Rules 2014 of the Companies Act. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for appointment of the Secretarial Auditors for the financial year ending March 31, 2017.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

PLACE : LUDHIANA

(KAPIL KUMAR JAIN)

DATED : 26.08.2016

CHAIRMAN

DIN: 00755228

ANNEXURE TO THE NOTICE

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

[Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard]

Name of Director	Mr. Rahul Jain
Date of Birth and Age	04-10-1974, 42 years
Qualification and Experience	Graduate, 20 years
Date of Appointment on the Board	20/07/1998
Relationship with Other directors, Manager and other Key Managerial Personnel of the Company	Mr. Rahul Jain is son of Mr. Kapil Kumar Jain and Brother of Mr. Vikram Jain. However he is not inter-se related to any other Director or Key Managerial Personnel of the Company. The Company does not have a Manager.
Expertise in Specific Functional Area	Wide experience in Business Management.
Names of other Public entities in which the person holds the directorship	<ul style="list-style-type: none">Vallabh Steels LimitedVallabh Textiles Company Ltd.
Names of other entities in which the person holds membership/ Chairmanship of the Committees of the Board;	<ul style="list-style-type: none">Member of Audit Committee of Vallabh Steels Ltd.Chairman of Committee: None
Shareholding in the Company as on March 31st, 2016	3,70,000 Shares
Number of the Meetings of the Board attended during the year	11/11 meetings attended



DIRECTORS' REPORT

To
The Members,
Vardhman Industries Limited

We have pleasure in presenting the 32nd Annual Report of the Company along with the Audited Statement of Accounts for the financial year ended 31st March, 2016. The consolidated performance of the Company and its Associate Company has been referred to wherever required:

FINANCIAL RESULTS:

(Amt. ₹ in Lacs)

Particulars	STANDALONE		CONSOLIDATED	
	2015-16	2014-15	2015-16	2014-15
Revenue from operations and other operating income	24,514.80	28,334.43	24,514.80	28,334.43
Profit before Interest, Depreciation and Tax	1,644.52	1,538.06	1,644.52	1,538.06
Less: Finance Cost	557.48	582.07	557.48	582.07
Cash Profit before Tax	1,087.04	955.99	1,087.04	955.99
Provision for Depreciation	586.26	705.70	586.26	705.70
Taxes -Current Tax	63.75	—	63.75	—
- Deferred Tax	(34.07)	(99.92)	(34.07)	(99.92)
Profit after Tax	471.10	350.21	471.10	350.21
Share in Net Profit/(Loss) of Associate	—	—	154.77	(135.87)
Profit after Share in Net Profit of Associate	471.10	350.21	625.87	214.34
Add: Balance b/f. from Previous Year	6,121.77	6,447.88	5,985.90	6,447.88
Add: Dividend & tax on dividend received back	92.11	—	92.11	—
Less: Adjustment Relating to Fixed Assets	—	584.21	—	584.21
Profit available for appropriations	6,684.98	6,213.88	6,703.88	6,078.01
Appropriations:				
Proposed Dividend	—	78.95	—	78.95
Tax on dividend	—	13.16	—	13.16
Surplus Carried to Balance Sheet	6,684.98	6,121.77	6,703.88	5,985.90
	6,684.98	6,213.88	6,703.88	6,078.01

HIGHLIGHTS OF PERFORMANCE:

The financial year 2015-16 was marked by excess steel capacity globally, falling demand and steep drop in prices in Indian Steel industry. In these challenging conditions, the company's sales were also impacted. During the period under review, your Company's net sales and operating income were Rs. 24,514.80 Lacs as compared to Rs. 28,334.43 Lacs in the previous year. Despite fall in revenue, the operations resulted in a higher cash profit of Rs. 1,087.04 Lacs as compared to Rs.955.99 Lacs of previous year. The net profit after tax of your company also increased to Rs. 471.10 Lacs as compared to Rs. 350.21 Lacs of the last year.

The Consolidated Profit of the Company is Rs. 625.87 Lacs as compared to Rs. 214.34 Lacs after taking effect of the share of net profit of Associate Company of Rs. 154.77 Lacs earned in the year under review as compared to a loss of Rs. 135.87 Lacs in the previous year.

Even as the economy has made progress, this has yet to show a positive impact on the market demand revivals and improved corporate earnings. The Company continued to face numerous challenges due to slow economy growth with bottlenecking of capacity constraints.

INDUSTRY AND ECONOMIC SCENARIO:

The Indian economy has certainly performed creditably compared to most developed and emerging markets of the World in the past year. The macroeconomic condition is stable and consumer price inflation is well under control. The risks and opportunities in the Steel business are getting larger in scale and impact, with their sources becoming more



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diverse and global. The trend of slowdown in the global market continued during the year. The below par performance of global economy was reflected in a continued growth declaration in most emerging and developing economies, driven by low commodity prices, weaker capital inflows and subdued global trade. Against this global backdrop, the growth in India stayed fairly resilient. India was the fastest growing large economy with a stable currency that performed better than most other emerging market currencies. The domestic macro-economic conditions also remained stable. India has emerged as the Third largest producer in the World after China and Japan, beating the U.S. to the fourth position producing about 89.6 million tons (MT) of steel a year even the world steel output went down 2.8% to 1.6 billion tons. India's prospects are brightening due to low oil prices, the reform momentum and policies to increase infrastructure manufacturing output. India's steel demand will increase by 5.4 percent in both 2016 and 2017 reaching 88.3 MTs in 2017. Going forward, implementation of policy measures already announced, structural reforms and government investment in infrastructure will be critical to India's economy.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There are no material changes or commitments or events affecting the financial position of the Company which have occurred after March 31, 2016 till the date of this report.

CHANGE IN THE NATURE OF BUSINESS; IF ANY:

During the year under review, there have been no changes in the nature of the business of the Company.

SHARE CAPITAL :

The Company's paid up equity share capital as at March 31, 2016 stood at Rs. 7,89,52,000/- comprising of 78,95,200 equity shares of Rs. 10/- each. During the year under review, the Company has not issued any shares.

CHANGE OF REGISTERED OFFICE ADDRESS:

During the year under review, the Company has changed its registered office address to 1309, 13th Floor, Vikram Tower, Rajendra Place, New Delhi-110 008 (India) with effect from March 21, 2016.

EXPORTS:

Due to adverse Global conditions, there has been a large inflow of imports. This has also manifested in a sharp contraction of steel and iron exports and despite all efforts made by the management for exports of its products, the company's exports have declined from Rs. 2,102.60 lacs to Rs. 1,983.71 lacs. The company has continued to export its product in various countries such as Burkina Faso, Turkmenistan, Somalia, Malawi, Kuwait, Ethiopia, Namibia and Oman and the management is quite hopeful that in future it will be able to achieve improved results on Export Front.

DIVIDEND AND RESERVES:

With a view to conserve the resources in long run, your Directors have not recommended any dividend for the year ended 31.03.2016. During the year under review, the Board has not proposed to transfer any amount to reserves.

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 2016-17.

DEPOSITS:

Your Company has not accepted any deposits from the Public during the year and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance-Sheet.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

Pursuant to the provisions of the Companies Act, 2013 (Act), Mr. Rahul Jain, Managing Director (having DIN No. 00755312), retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment. The Board of Directors recommends his re-appointment.

During the year under review, Mr. Rajesh Sharma and Mr. Surinder Kumar Vig resigned as Whole Time Director and Director respectively of the Company w.e.f. February 2, 2016. The Board places on record its appreciation for the invaluable contribution for the services rendered by them during their tenure as Directors of the Company. The Board of Directors on recommendation of Nomination and Remuneration Committee appointed Mr. Rajesh Sharma as Company Secretary of the Company w.e.f. 02.02.2016.

The Company has received declaration of independence from all the Independent directors of the Company that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



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Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Mr. Rahul Jain, Managing Director and Mr. Rajesh Sharma, Chief Financial Officer & Company Secretary.

INTERNAL FINANCIAL CONTROLS:

Your Company has an adequate system of internal control in place which has been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting as detailed in Management Discussions and Analysis.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS:

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178 of the Companies Act, 2013 has been disclosed in the Corporate Governance Report, which forms part of this report.

MEETINGS:

A draft calendar of Meetings is prepared and circulated in advance to the Directors. During the year 11 (Eleven) Board Meetings and 5 (Five) Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the stipulated period prescribed under the Companies Act, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS:

Your Directors are pleased to present the Management's Discussion and Analysis of operations for the year ended March 31, 2016 attached as **Annexure-I** and forms part of this Annual Report.

CORPORATE GOVERNANCE:

Your Company is committed to maintain highest standards of Corporate Governance and adhere to the corporate governance requirements as set out by Securities and Exchange Board of India ('SEBI'). Pursuant to the provision of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance forms part of this Annual Report. The Company is in compliance with the various requirements and disclosures that have to be made in this regard. A certificate from the Auditors confirming compliance of the conditions of Corporate Governance as stipulated under the Listing Regulations attached as **Annexure-II** and forms part of this Annual Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a Vigil Mechanism named Fraud and Risk Management Policy to deal with instance of fraud and mismanagement, if any. In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the respected companies in India, the Company is committed to the high standards of corporate Governance and stakeholder responsibility.

The Company has established a Whistle Blower Policy and the same has been uploaded in the Company's website www.vallabhgroup.com. The said policy has also been made available at the offices / manufacturing units to enable the employees to report their concerns, if any, directly to the chairman of the Board and to the Chairman of the Audit Committee. The new employees are also given details of Whistle Blower Policy at the time of joining the Company. There were no occasions during the year under review where any concerns were reported under the said policy.

REPORT ON PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY/ASSOCIATE COMPANIES:

Your Company does not have any Subsidiary. However it holds 23.55% stake in JSW Vallabh Tinplate Private Limited (JSW VTPL), which become its Associate Company by virtue of Section 2(6) of the Companies Act, 2013.

JSW Vallabh Tinplate Private Limited (JSW VTPL):

JSW VTPL is engaged in the business of manufacturing Tinplate sheets at its plant at Village Beopror, G.T. Road, Rajpura, District-Patiala, in the state of Punjab and has a capacity of 1.0 lakh tonnes per annum. During financial year 2015-16, JSW VTPL produced 75,846 tonnes and recorded a net profit of Rs. 6.57 crores compared to a loss of Rs. 5.76 crores in financial year 2014-15.

CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Accounting Standard issued by the Institute of Chartered Accountants of India (ICAI) and forms an integral part of this report.

Pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing performance & salient features of the financial statement of Associate/Joint venture is given in Form-AOC-I attached as **Annexure-III** forms integral part of this report.

Further, pursuant to the provision of Section 136 of the Act, the financial statements of the company, consolidated financial statements along with relevant documents and separate report are available on the website of the Company.



RELATED PARTY TRANSACTIONS:

All the related party transactions that were entered into during the financial year were on arm's length basis, in the ordinary course of business and are in compliance with the provisions of the Companies Act, 2013 and the Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC-2 attached as **Annexure IV** and forms integral part of this report. None of the Independent Directors has any pecuniary relationships or transactions vis-à-vis the Company.

There have been no materially significant related party transactions between the Company and the Key Managerial Personnel or other designated Persons, Promoters, Directors, the management or the relatives except for those disclosed in the financial statements which may have potential conflict with the interest of the company at large.

All the related Party Transactions are placed before the Audit Committee as also to the Board for approval. Prior Omnibus approval was obtained for transactions and a statement giving details of all related party transactions are placed before the Audit Committee and the Board for review and approval on a quarterly basis. The Policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company i.e. www.vallabhgroup.com.

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.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed hereto marked as **Annexure-V** and forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

Corporate Social Responsibility was not applicable to the Company for the financial year under review. The Philosophy of the company works with objectives of contributing to the sustainable development of the society and to create a greener and cleaner environmental around us.

EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of section 92(3) of the Act, the details forming part of the extract of the Annual Return in form MGT-9, for the Financial Year 2015-16 is annexed to this Report as **Annexure-VI**.

AUDITORS & THEIR REPORTS:

a) STATUTORY AUDITORS:

M/s. Raj Gupta & Co., Chartered Accountants, (Registration Number: 000203N), the Statutory Auditors of the Company were appointed for four years upto the year 2019 in the 31st Annual General Meeting held on 30.09.2015. Their reappointment is recommended for ratification by the members in the forthcoming Annual General Meeting for the financial year 2016-17 as per the provisions of companies (Audit & Auditors) Rules, 2014. As required under the provisions of Section 139 of the Companies Act, 2013, they have furnished a certificate to the effect that their re-appointment, if ratified, will be in conformity with the limits specified in the said Section.

Audit Report: The Auditors' Reports read with the relevant notes on accounts for the year under review is self-explanatory and do not call for any further comments. There is no Audit Qualification for the year under review.

b) COST AUDITORS:

As per the requirement of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been getting audit of cost records of the Company every year.

The appointment of M/s. Meenu & Associates, Cost Accountants, Ludhiana (Firm Registration no. I00729) is recommended as the Cost Auditors of the Company for the year ending 31 March, 2017 in the proposed meeting of board and subject to the ratification of the Members in terms of Section 148 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 in the forthcoming Annual General Meeting for the financial year 2016-17.



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Audit Report: M/s. Meenu & Associates have also been the Cost Auditors of the company for the financial year 2015-16. The Cost Audit Report for the financial year 2015-16 will be filed by the company with the Ministry of Corporate Affairs (MCA) within the stipulated time as per the provisions of the Companies Act, 2013.

c) **SECRETARIAL AUDITORS:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. RCS & Company, Company Secretaries in Practice (C.P. No. 3154) to undertake the Secretarial Audit of the Company for the financial year under review.

Audit Report: M/s. RCS & Company have also been the Secretarial Auditors of the Company for the financial year 2015-16. The Report of the Secretarial Audit carried out in the financial year 2015-16 is annexed to this Report as **Annexure-VII**. There is no secretarial audit qualification for the year under review.

RISK MANAGEMENT COMMITTEE:

The Risk Management Committee of the Company is re-constituted under the chairmanship of Mrs. Radhika Gupta and other members being Mr. Ashok Kumar Jain and Mr. Ashwani Kumar. No meeting of Committee was held during the financial year 2015-2016.

Risk Management Policy:

The Risk Management Policy is formulated and implemented by the Company. The Policy helps to identify the various elements of risks faced by the Company, which in opinion of the Board threatens the existence of the Company. The Risk Management Policy as approved by the Board is uploaded on the Company's website at the web link www.vallabhgroup.com.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has neither given/provided any Loans, Guarantees; nor it made any Investments covered under the provisions of Section 186 of the Companies Act, 2013.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

There have not been any significant material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

GENERAL:

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.

2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

The Company has a zero-tolerance approach towards sexual-harassment at workplace. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety to all concerned compliances of environmental regulations and preservations of natural resources.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years and such no funds were required to be transferred to Investor Education and Protection Fund (IEPF).

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

Information in accordance with the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and for the year ended 31.03.2016 is as under:



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I. CONSERVATION OF ENERGY:

- Energy Conservation measure taken: The Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and savings of energy is achieved.
- Additional investments and proposals, if any, being implemented for reduction of consumption of energy: No specific investment has been made.
- Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production: Impact of measures taken not quantitative and as such can not be stated accurately.
- Total Energy consumption per unit of production as per form 'A' to the Rules in respect of industries specified in schedule hereto:

A. POWER & FUEL CONSUMPTION		2015-16	2014-15
a) Electricity - Purchased			
G.P./G.C. Division			
Purchased Units	Units	26,42,353	60,36,337
Total Amount	Rs.	1,77,50,750	3,14,86,149
Rate Per Unit	Rs.	6.72	5.22
b) Electricity - Own Generation			
G.P./G.C. Division			
Amount	Rs.	3,000	5,68,512
Units		185	35,640
Unit per litre of diesel oil		3.07	3.05
Cost/Unit (Rs.)	Rs.	16.22	15.95
B. CONSUMPTION PER UNIT OF PRODUCTION			
Products	Units		
G.P./G.C. Sheets/Coils			
Electricity	Rs.	691	754
Coal & Fuel			
-Diesel	Rs.	0.12	13
-Husk	Rs.	—	—
-Gas	Rs.	939	1,655

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. The efforts on Research & Development is a continuous process but the expenditure can not be stated accurately. Further the Company has not procured imported technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- 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 Malawi, Kuwait, Ethiopia, Somalia, Turkmenistan and Namibia 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.

	(Amt. in Rupees)	
b) Total Foreign Exchange used and earned	2015-16	2014-15
Foreign Exchange Used (CIF Value of Imports)	12,79,57,305	3,10,80,162
Foreign Earnings (FOB value of Exports)	19,83,71,331	21,02,60,480

DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of knowledge and belief and according to the information and explanations obtained by them, your directors make the following statements in terms of Section 134 (3)(c) of the Companies Act, 2013:

- That in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;



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- ii. That they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and the profit or loss of the Company for the year ended on that date;
- iii. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That they had prepared the annual accounts for the financial year ended on 31st March, 2016 on a going concern basis;
- v. That the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi. That the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

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, Government Authorities and Business constituents for their continued support and co-operation extended from time to time to the Company.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

(KAPIL KUMAR JAIN)

CHAIRMAN

DIN: 00755228

PLACE : LUDHIANA

DATED : 30.05.2016



**ANNEXURE - I
MANAGEMENT DISCUSSION & ANALYSIS REPORT**

(a) Industry Structure and Development:

The Indian Steel Industry remains one of the most competitive steel industries in the world. However, there is a need to create a fair and level playing field amidst supply glut caused by surplus capacities in steel surplus countries. India has emerged as one of the brightest spots in the world grappling with economic turbulence and fragile growth. It is expected that in the financial year 2016-17 growth rate is estimated between 7.5% to 8.0% driven by the fundamentals of strong consumption and the government's push for streamlining the business processes. Focus on infrastructure creation, extensive urbanization/ Smart Cities, make in India, startups and promoting affordable housing policy initiatives by the Government of India augers well for the pick up in Steel demand in India considerably.

Besides the strong adverse impact of global economic meltdown, the Indian economy also faced major headwinds during the year in the form of: a) slow agricultural growth due to the two consecutive years of poor monsoons, b) disappointing manufacturing output owing to weak demand and low commodity prices, c) sharp contraction in exports due to weak global demand and low commodity prices and d) growing NPA's and stressed assets. Despite multiple headwinds, India produced 89.8 million tonnes crude steel in financial year 2015-16, an increase of 0.9% over last year. In financial year 2015-16, the country consumed 80.5 million tonnes of finished steel, a growth of 4.5% over last year. The industry growth is driven by an availability of raw materials such as iron ore and cost-effective labour.

India has been the only major steel consuming market globally which continued to witness increasing demand environment. Growth in finished steel demand stood at 4.5% in financial year 2015-16. However, the country suffered from an unprecedented, unbridled and unfair inflow of steel imports from countries like China, Japan, South Korea and Russia which continued to sell their surplus steel production at predatory prices. South Korea and Japan, especially, benefited due to the free trade agreement with India. Consequently, the consumption of domestically produced steel fell by 0.6% during the financial year. The domestic steel industry was forced to take a series of price cuts – leading to a severe margin squeeze for the Indian steel companies. Indian steel demand in India is expected to grow by 5.4 per cent to 83.8 million tons (MT) this year on the back of low oil prices, reform momentum in India that remains better than in many countries. The construction industry is expected to rise further due to government's stimulus plan. The automotive sector is doing well. Hence, it is expected that domestic steel demand is going to recover soon and for the long time as well.

The consumption demand is expected to benefit from the recently announced Pay Commission award, continued low commodity prices, recent interest rate cuts and measures announced in the Union Budget financial year 2016-17 to transform the rural sector. The consumer confidence remains upbeat, while the corporate sector's expectations of business conditions also remain positive. Overall, the Indian economy is poised to realize the benefits of higher government spending, policy initiatives, rural demand and continuing reforms.

(b) Company's Performance:

i) Product Portfolio:

Your Company is mainly engaged in the manufacturing and marketing of Coated Flat Products i.e. Galvanised Sheets (Plain & Corrugated) & Colour Coated Sheets which fall within the single segment of "Iron & Steel Industry."

ii) Highlights: The highlights of financial year 2015-16 have been as under:

- Vardhman recorded a cash profit of Rs. 1087.04 Lacs in 2015-16 as compared to a profit of Rs. 955.99 Lacs in the previous year.
- Various measures launched during the year to improve the quality of cut ends in final products.
- The Company has been able to meet its raw material requirement without compromising on quality and production schedules.

(c) Outlook: Opportunity, Threats, Risks & Concerns:

The basic aim of the Company is to become capable to produce Iron and Steel products as per market requirements and thus be able to manage market trends to its advantage. Opportunities abound in growing economies and opening up of economy in India has created opportunities for Indian enterprise to move beyond national boundaries as well to create productive assets.

The Company is engaged in steel and steel related products activity. The outlook for the industry looks



reasonable since India has good iron ore deposits, skilled manpower and growing demand for steel. In spite of downturn in the Global Steel demand, Indian Steel demand could survive showing an upward trend, setting a road ahead for the growth of the domestic steel industry in the years to come.

Global economic uncertainties have affected India's economy. Key risks synonymous to industry include the global recessionary trend, economic slow-down, increase in financial charges, non-availability of raw materials, such as iron-ore, coal and labour etc., coupled with market fluctuations. The Company does not apprehend any inherent risk in the long run. However following factors may pose threat, risk & concern for the Iron & Steel Industry in general and your company in particular:

1. Any adverse conditions of user sector to which it caters, thus adversely affecting the demand.
2. Underdeveloped infrastructure curtailing growth prospects.
3. The supply and demand imbalance due to new capacities coming on stream while the demand remains subdued which may have negative impact on the plant utilization and steel prices.
4. Subdued growth of the manufacturing sector impacting demand.
5. Quantitative restrictions and/or additional tariffs of exports from India by importing countries.
6. Unpredictable and sharp cyclical movements in the raw material and other input prices.
7. Any change in Govt. Policies pertaining to steel industry may affect the profitability.

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 a way for improved performance in future.
2. Well established customers base for the last over 31 years.
3. 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.
4. Your Company has strategic advantage as its units are located in the industry friendly areas having all infrastructural amenities.

Thus, your company stands in good stead to avail the opportunities and also to take head on successfully the areas posing risks, concerns and threats to it.

(d) Risks and Concerns:

A Risk Management Policy (Policy) has been adopted by the Company which aims to detail the objectives and principles of risk management along with an overview of the process and related roles and responsibilities. The Policy lays down Company's approach towards risk mitigation, its risk management objectives and defines the risk management framework of the organization.

In order to ensure that the management controls risk in adherence to the policy, the Audit Committee as well as the Board of Directors of the Company periodically reviews the risk assessment and risk minimization procedure.

The key business risks identified by the Company and its mitigation plans are as under:

i. Risk related to Personnel:-

Our business is increasingly dependent on the skills and competencies of our employees and management team. The general war for talent in our growing economy has created a substantial risk related to the retention of key personnel both in manufacturing and managerial levels. This risk is mitigated through effective HR policies relating to recruitment and retention and a proactive remuneration and rewards policy that is periodically reviewed at the highest management level. With excellent performance track as well as best HR practices we are able to attract and retain people for growth of our business.

ii. Risk related to Safety:-

The company has taken adequate insurance covers to indemnify the risks associated with the safety of personnel, building, stock, plant and machinery and other infrastructure of the Company. These include:

1. Fire Insurance Policies
2. Various Breakdown Policies

The company has also taken steps to strengthen IT security system as well as physical security system at all our locations.



iii. Compliance Related Risks:-

The Company is committed to being a responsible corporate citizen and respects the laws and regulations of the country. All the compliances under various laws applicable to the Company, including the Companies Act, 2013, Factories Act, 1948 and Income Tax Act 1961 etc., are followed in letter & spirit.

(e) Internal Financial Control System and its adequacy:

Your Company has a robust system of internal control which is constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal audit is entrusted to M/s. Gupta Sanjeev & Co., Chartered Accountants, (FRN: 005365N). The main thrust of internal audit is to test and review controls of various departments and areas. The reviews and findings by the Internal Auditors are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit Department reports to the Chairman of the Audit Committee.

The Company has modified the scope and coverage for audits with a focus on the Internal Control on Financial Reporting (ICFR) framework. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggest improvements to strengthen the same. The Company has an effective Management information system, which is an integral part of the control mechanism.

(f) Cautionary statement:

Certain statements in this report concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition within Steel Industry including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, our ability to successfully complete and integrate potential acquisitions, the success of the companies in which the company has made strategic investments, withdrawal of governmental incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, general economic conditions affecting our industry. The Company does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the Company.

**ANNEXURE-II
CORPORATE GOVERNANCE REPORT**

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2016 in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Governance Philosophy of Vardhman Industries Limited ("The Company") is based on trusteeship, transparency, accountability and equity. As a corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of our stakeholders. The Company's Code of Business Conduct and Ethics, internal code of conduct for regulating, monitoring and reporting of trades by Insiders are the regulatory compliances duly updated by the Company from time to time.

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 dictated by statutory requirements.

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



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and transparent disclosure of information.

The Company's governance framework is based on the following Principles:

- Appropriate composition and size of the Board, with each member bringing in expertise in his respective domain;
- Availability of information to the members of the Board and Committee to enable them to discharge their fiduciary duties;
- Timely and accurate disclosures to Stakeholders from time to time;
- Systems and processes in place for internal control; and
- Adherence of business conduct by the Board, Senior Management and its employees.

II. BOARD OF DIRECTORS:

- As on March 31, 2016 the strength of Board of the Company comprises of Six Directors. Of the six Directors, three are non-executive independent directors. The Chairman of the Board is an Executive director. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013.
- None of the Directors on the Board holds directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a director. Necessary disclosures regarding Committee positions in other companies as on March 31, 2016 have been made by the Directors.
- Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Companies Act, 2013. The names and categories of Directors on the Board, their attendance at the Board meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other public Companies as on March 31, 2016 are given hereunder. Other directorships do not include directorships of foreign companies and companies under Section 8 of the Act. Chairmanships/Memberships of Board Committees shall only include Audit Committee and stakeholders' Relationship Committee:

Name of Director	Category	Number of Board meetings during 2015-16		Whether attended last AGM held on 30.09.2015	Number of Directorship in other Indian Companies		Committee Membership and Chairmanship in other companies		No. of equity shares
		Held	Attended		Private	Public	Chairman	Member	
Mr. Kapil Kumar Jain** (Chairman) DIN: 00755228	Non-Independent, Executive	11	11	Yes	1	2	—	1	3,81,000
Mr. Rahul Jain (Managing Director) DIN: 00755312	Non-Independent, Executive	11	11	Yes	2	2	—	1	3,70,000
Mr. Vikram Jain (Promoter Director) DIN: 00755547	Non-Independent, Executive	11	11	No	2	1	—	—	3,60,000
Mr. Ashok Kumar Jain DIN: 00027116	Independent, Non-Executive	11	9	No	1	2	—	—	4,700
Mr. Ashwani Kumar DIN: 00030307	Independent, Non-Executive	11	6	No	1	7	3	1	—
Mrs. Radhika Gupta DIN: 07145509	Independent, Non-Executive	11	11	Yes	—	—	—	—	—
Mr. Rajesh Sharma* (Whole time Director) DIN: 05318968	Non-Independent, Non-Executive,	6	6	Yes	1	1	—	—	—
Mr. Surinder Kumar Vig* DIN: 00764596	Independent, Non-Executive	7	6	No	—	4	—	—	—

Note: *Mr. Rajesh Sharma and Mr. Surinder Kumar Vig resigned from the Directorship w.e.f. February 02, 2016.

**Mr. Kapil Kumar Jain is father of Mr. Rahul Jain and Mr. Vikram Jain. Mr. Rahul Jain is brother of Mr. Vikram Jain.



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- iv) The Board meets at regular intervals to discuss and decide on business strategies / policies and review the financial performance of the Company. The Board meetings are pre-scheduled and a tentative annual calendar of the Board is circulated to the Directors well in advance to facilitate the Directors to plan their schedules. The notice of each Board meeting is given to each director. The Company provides information as set out in the SEBI Listing Regulations read with Companies Act, 2013 to the Board and Board Committees to the extent it is applicable and relevant.
- v) During the financial year 2015-16, the Board of Directors had 11 (Eleven) meetings. These were held on 29.04.2015, 30.05.2015, 14.08.2015, 21.09.2015, 05.11.2015, 14.11.2015, 02.02.2016, 13.02.2016, 29.02.2016, 21.03.2016 and 31.03.2016. The interval between two meetings was within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the SEBI Listing Regulations.
- vi) During the year 2015-16, information as mentioned in Schedule II of Part A of the SEBI Listing Regulations, as applicable has been placed before the Board for its consideration.
- vii) As stipulated the Code of Conduct for Independent Directors under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year 2015-16, a separate meeting of the Independent Directors was held on March 31, 2016 with the presence of all independent directors. The Independent Directors, inter-alia, evaluated and reviewed the performance of non-independent Directors, Chairman of the Company and Board as a whole and also the quality, quantity and timeliness of flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.
- viii) The Board periodically reviews the compliance reports of all laws applicable to the company prepared by the company.
- ix) The Company has organised familiarization programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The details of familiarisation programme imparted to the independent Directors during the year are available on the Company's website at www.vallabhgroup.com.
- x) All Independent Directors are Non-Executive Directors. Details of equity shares of the company held by non-executive directors as on March 31, 2016 are Nil except Mr. Ashok Kumar Jain, who holds 4,700 equity shares. The Company has not issued any convertible instruments.

III. COMMITTEES OF THE BOARD:

(A) AUDIT COMMITTEE:

Composition of Audit Committee:

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the company's internal controls and financial reporting process. During the financial year 2015-16, the audit committee was re-constituted in the Board meeting held on February 02, 2016 due to resignation of Mr. Surinder Kumar Vig from the post of Directorship of the Company. The re-constitution was in line with the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and Section 177 of the Companies Act, 2013. The Company Secretary acts as the Secretary of the Committee. All members of the Audit Committee are financially literate and bring in expertise in the field of Finance, Taxation, Economics and Risk Management. The re-constituted Audit Committee comprises of the following directors:

Sr. No.	Name of Director	Nature of Directorship	Designation in Committee
1.	Mrs. Radhika Gupta	Non-Executive Independent Director	Chairman
2.	Mr. Ashwani Kumar	Non-Executive Independent Director	Member
3.	Mr. Ashok Kumar Jain	Non-Executive Independent Director	Member

All these members are non-executive independent directors of the Company.

Terms of reference:

The terms of reference of the Audit Committee are broadly are as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendations for appointment, remuneration and terms of appointment of auditors of the company;



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3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act.
 - ii. Changes, if any, in accounting policies and practices and reasons for the same.
 - iii. Major accounting entries involving estimates based on exercise of judgement by management.
 - iv. Significant adjustments made in the financial statements arising out of audit findings.
 - v. Compliance with listing and other legal requirements relating to financial statements.
 - vi. Disclosure of any related party transactions.
 - vii. Qualification in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval;
6. Approval or any subsequent modification of transactions of the Company with related parties.
7. Scrutiny of inter-corporate loans and investments;
8. Examination of the financial statement and the auditors' report thereon;
9. Valuation of undertakings or assets of the company, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11. Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
12. To call for the comments of the auditors about internal control systems, the scope of audit including the observations of the auditors and review of financial statement before their submission to the board and may also discuss their submission to the board and may also discuss any related issues with the internal and statutory auditors and the management of the company; and
13. To review the information required as per SEBI Listing Regulations.

Meetings and Attendance:

The Audit Committee met five times during the financial year ended on March 31, 2016. The Committee met on 29.04.2015, 30.05.2015, 14.08.2015, 14.11.2015 and 13.02.2016. The attendance record of the directors at Audit Committee Meetings during the year ended March 31, 2016 is as under:

Sr. No.	Name of Director	Position	Category	No. of Meetings Attended
1.	Mrs. Radhika Gupta	Chairman	Independent, Non-Executive Director	5 out of 5
2.	Mr. Ashok Kumar Jain	Member	Independent, Non-Executive Director	5 out of 5
3.	Mr. Ashwani Kumar	Member	Independent, Non-Executive Director	5 out of 5
4.	Mr. Surinder Kumar Vig*	Member	Independent, Non-Executive Director	4 out of 4

* Mr. Surinder Kumar Vig resigned from the position of directorship of the Company w.e.f. 02.02.2016.

Role of the Audit Committee:

The Audit Committee inter-alia performs the functions of approving Annual Internal Audit Plan, reviews of financial reporting system, internal control systems, discussion on quarterly, half-yearly and annual financial results, interaction with Statutory and Internal Auditors, recommendation for appointment of Statutory and Cost auditors and their remuneration, recommendation for appointment of and remuneration of Internal Auditors, Review of Internal Audit reports, significant related party transactions. The Board has framed the Audit Committee Charter for the purpose of effective compliance of provisions of Section 177 of the Companies Act, 2013 and Listing Regulations. 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.

(B) NOMINATION AND REMUNERATION COMMITTEE:

Composition:

The Committee was re-constituted in the Board meeting held on February 02, 2016 due to resignation of Mr. Surinder Kumar Vig from the post of Directorship of the Company. The Committee composition meets with Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



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The re-constituted Committee comprises of the following directors:

Sr. No.	Name of Director	Nature of Directorship	Designation in Committee
1.	Mrs. Radhika Gupta	Non-Executive Independent Director	Chairman
2.	Mr. Ashwani Kumar	Non-Executive Independent Director	Member
3.	Mr. Ashok Kumar Jain	Non-Executive Independent Director	Member

Meeting Details:

During the year 2015-16, the committee met two times on 29.04.2015 and 02.02.2016. The attendance record of the directors at Committee Meetings during the year ended March 31, 2016 is as under:

Sr. No.	Name of Director	Position	Category	No. of Meetings Attended
1.	Mrs. Radhika Gupta	Chairman	Independent, Non-Executive Director	2 out of 2
2.	Mr. Ashok Kumar Jain	Member	Independent, Non-Executive Director	1 out of 1
3.	Mr. Ashwani Kumar	Member	Independent, Non-Executive Director	2 out of 2
4.	Mr. Surinder Kumar Vig*	Member	Independent, Non-Executive Director	1 out of 1

* Mr. Surinder Kumar Vig resigned from the position of directorship of the Company w.e.f. 02.02.2016.

Terms of Reference:

The broad terms of reference of nomination and remuneration committee are as under:

1. To identify the persons who are qualified to become Directors and Senior Management and to recommend to the Board, to set up and composition of the Board and its committees, including the formulation of the criteria for determining qualifications, positive attributes and independence of a director.
2. Recommend to the Board the appointment or re-appointment of directors.
3. Devise a policy on Board diversity.
4. Recommend to the Board appointment of Key Managerial Personnel ('KMP' as defined by the Act) and executive team members of the Company.
5. To carry out evaluation of every director's performance.
6. To recommend/ review remuneration of the Managing Director and Whole time Director based on their performance and defined assessment criteria.
7. To decide whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors.
8. To perform such other functions as may be necessary or appropriate for the performance of its duties.
9. To carry out any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification, as may be applicable.

Remuneration Policy:

The Remuneration Policy of the Company is designed to attract, motivate and retain manpower. The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and to determine their remuneration. The Policy provides guidelines to the Committee relating to appointment, removal and remuneration. It provides criteria for determining qualifications, positive attributes and independence of a director. This policy applies to directors, senior management including its Key Managerial Personnel (KMP) and other employees of the Company. The remuneration of the Managing Director, Executive Directors, Key Managerial Personnel (KMP) and other employees of the Company is based on the performance evaluation. The Company pays remuneration by way of Salary, perquisites to its Managing Director.

The detailed policy is as follows:

A) Criteria of selection of Non-Executive and Independent/Non-Independent Directors:

- a) The Non- Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b) In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.



- c) The Nomination and Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d) Considering the requirement of skilled persons on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment as Independent Directors on the Board.
- e) The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such person(s) in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.
- f) The Nomination and Remuneration Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as a Director:-
 - i. Qualification, expertise and experience of the Directors in their respective fields
 - ii. Personal, Professional or business standing; and
 - iii. Diversity of the Board.

In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

B) Criteria for selection /appointment of Managing Director:

For the purpose of selection of the MD, the Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

C) Remuneration for Managing Director:

- i. At the time of appointment or re-appointment, Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination and Remuneration Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Companies Act, 2013.
- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. In determining the remuneration (including the fixed increment and performance bonus) the Nomination and Remuneration Committee shall ensure / consider the following:
 - a. the relationship of remuneration and performance benchmarks is clear;
 - b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - c. responsibility required to be shouldered by the Managing Director, the industry benchmarks and the current trends
 - d. the Company's performance vis-à-vis the annual budget achievement and individual performance.
- iv. **Details of Remuneration:**

The company pays remuneration to the Managing Director as approved by the members of the company in the general body meeting. The detail of remuneration paid to him during the year 2015-16 is given below:

(Amount in Rs.)

Name	Designation	Salary	Perks	Total
Mr. Rahul Jain	Managing Director	26,25,000/-	1,96,047/-	28,21,047/-

Non-executive independent directors have not been paid any remuneration during 2015-16.

D) Remuneration Policy for the Senior Management Employees:

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Senior Personnel) the Nomination and Remuneration Committee shall ensure / consider the following:



- the relationship of remuneration and performance benchmark is clear;
- the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- the remuneration including annual increment is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance.

E) Performance Evaluation of Board:

During the financial year, formal annual evaluation of the Board, its committees and individual directors was carried out pursuant to the Board performance Evaluation Policy of the Company.

The performance of individual directors (including independent directors) was evaluated by the Board and Nomination & Remuneration committee (excluding the Director being evaluated) after seeking inputs from all directors on the basis of the criteria mentioned hereunder:

- Key-attributes of the independent directors that justify his/her extension/ continuation on the Board of the Company;
- Participation of the Directors in the Board proceedings and his/her effectiveness;
A separate meeting of Independent directors was also held to evaluate and review the performance of Managing Director, performance of the Board as a whole and performance of the Chairperson of the Company, taking into account the views of Executive and Non-Executive Directors.

(C) STAKEHOLDERS' RELATIONSHIP COMMITTEE:**Composition of the Committee:**

The Stakeholders' Relationship Committee is re-constituted in line with the provisions of Section 178 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. Presently the committee comprises of the following directors:

Sr. No.	Name of Director	Nature of Directorship	Designation in Committee
1.	Mr. Ashok Kumar Jain	Non-Executive Independent Director	Chairman
2.	Mr. Kapil Kumar Jain	Executive, Non-Independent Director	Member
3.	Mrs. Radhika Gupta	Non-Executive Independent Director	Member

Terms of reference:

The broad terms of reference of the stakeholders' relationship committee are as under:

- To Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend / notice/ annual reports etc. and all the securities holders' related matters.
- To Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities etc.

Meetings and Attendance:

Ten meetings of the stakeholders' relationship committee were held during the year on 05.05.2015, 11.05.2015, 08.06.2015, 17.08.2015, 08.09.2015, 10.09.2015, 26.10.2015, 28.12.2015, 11.01.2016 and 08.03.2016.

The detail of directors attended these meetings is given as under:

Sr. No.	Name of Director	Position	Category	No. of Meetings Attended
1.	Mr. Ashok Kumar Jain	Chairman	Independent, Non-Executive Director	1 out of 1
2.	Mr. Kapil Kumar Jain	Member	Non-Independent, Executive Director	10 out of 10
3.	Mrs. Radhika Gupta	Member	Independent, Non-Executive Director	1 out of 1
4.	Mr. Surinder Kumar Vig*	Member	Independent, Non-Executive Director	9 out of 9
5.	Mr. Rajesh Sharma*	Member	Whole Time Director	9 out of 9
6.	Mr. Ashwani Kumar**	Member	Independent, Non-Executive Director	9 out of 9

* Mr. Surinder Kumar Vig and Mr. Rajesh Sharma resigned from the position of directorship of the Company w.e.f. 02.02.2016.

** Attendance of Mr. Ashwani Kumar comprises of the meetings held before re-constitution of the Committee.



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Name, Designation & Address of Compliance Officer:

Mr. Rajesh Sharma
Company Secretary & Compliance Officer
Vardhman Industries Limited
Address: G.T. Road, Village Pawa,
Sahnewal, Ludhiana-141120, Punjab (India)
Telephone: +91-161-2511412-13
Fax: +91-161-2511414

Details of investor complaints received and redressed during the year 2015-16 are as follows:

Opening Balance	Received during the year	Resolved during the Year	Closing Balance
Nil	02	02	Nil

IV. GENERAL BODY MEETINGS:

a) Annual General Meeting (“AGM”):

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

Meeting	Day, Date & Time of Meeting	Venue	No. of Special Resolutions Passed
31 st AGM 2014-15	Wednesday, 30.09.2015, 1:30 P.M.	AF 1 & 2, First Floor, 2, Jaisav Place, 5006, Hamdard Marg, Hauz Qazi, Delhi - 110006 (India)	Three
30 th AGM 2013-14	Tuesday, 30.09.2014, 1:30 P.M.		One
29 th AGM 2012-13	Monday, 30.09.2013, 1:30 P.M.		Nil

b) Extra Ordinary General Meeting (“EGM”):

No Extra-Ordinary General Meeting was held during the financial year 2015-16.

c) Postal Ballot:

No special resolution was passed through Postal ballot during the last financial year ended 31st March, 2016. There is no immediate proposal for passing any resolution through postal ballot.

None of the businesses proposed to be transacted at the ensuing Annual General Meeting requires passing a resolution through postal ballot.

V. OTHER DISCLOSURES:

i. Disclosure on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations during the financial year were on an arm's length price basis and in the ordinary course of business. These have been approved by the audit committee, Board of directors and members of the company. During the Financial Year 2015-16, the Company did not have any material pecuniary relationship or transactions with Independent and Non-executive Directors. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at www.vallabhgroup.com.

ii. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange or the Board or any statutory authority, on any matter related to capital markets, during the last three years:

Nil

iii. Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee:

The Company has established the necessary vigil mechanism as defined under regulation 22 of the SEBI Listing Regulations for directors and employees to report concerns about unethical behaviour. The mechanism provides for adequate safeguard against the victimization of employees and Directors who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in exceptional cases. None



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of the personnel of the company has been denied access to the audit committee. The said policy has also been placed on the website of the company at www.vallabhgroup.com.

iv. Details of Compliance with mandatory requirements and adoption of the non-mandatory requirement of this clause:

The Company has complied with all mandatory requirements of corporate governance and duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations:

- i) The auditors' report on statutory financial statements of the company are unqualified
- ii) Mr. Kapil Kumar Jain is the Chairman of the Company and Mr. Rahul Jain is the Managing Director of the Company. The Company has complied with having separate persons to the post of Chairman and Managing Director.

v. Web link where policy for determining material subsidiaries is disclosed:

During the financial year 2015-16, the said clause was not applicable.

vi. Web link where policy on dealing with related party transactions:

The said policy is available on the website of the company at www.vallabhgroup.com.

vii. Disclosure of Commodity Price Risks and Commodity Hedging Activities: Not applicable

VI. SUBSIDIARY/ASSOCIATE COMPANIES:

The Company does not have any subsidiary company. However the company has an associate company by virtue of section 2(6) of the Companies Act, 2013. The details of the Associate Company have been provided in the Directors' Report and the consolidated balance-sheet has been provided in the financial statements.

VII. MEANS OF COMMUNICATION:

All Important information relating to company's financial performance, shareholding pattern, quarterly results, audited annual results, annual report etc. regularly posted on the company's website at www.vallabhgroup.com and have also been submitted to stock exchange to enable them to put them on their website and communicate to their members. The approved financial results are forthwith sent to the Stock Exchange and are published in a National English and Vernacular Newspapers.

VIII. GENERAL SHAREHOLDERS INFORMATION:

- (i) **32nd Annual General Meeting:**
- | | | |
|-------|---|--|
| Date | : | September 30, 2016 |
| Time | : | 1:00 P.M. |
| Venue | : | AF 1 & 2, First Floor, 2, Jaisav Place,
5006, Hamdard Marg, Hauz Qazi,
Delhi-110 006 |
- (ii) **Financial Calendar:**
- | | | |
|--|---|-------------------------------------|
| Financial Year | : | April 1st, 2016 to March 31st, 2017 |
| First Quarter Results | : | By middle of August, 2016 |
| Second Quarter Results | : | By middle of November, 2016 |
| Third Quarter Results | : | By middle of February, 2017 |
| Fourth Quarter and audited
Annual Results 2016-17 | : | In the month of May, 2017 |
- (iii) **Date of Book Closure** : From Saturday, 24th September, 2016 to
Friday, the 30th September, 2016
(both days inclusive)
- (iv) **Dividend Payment Date** : No dividend was declared during the financial year
2015-16
- (v) **Listing on Stock Exchange** : Equity Shares
BSE Limited ("BSE")
25th Floor, P.J. Towers, Dalal Street Mumbai-400 001
- (vi) **Stock Code** : 513534
- (vii) **Corporate Identity Number** : L74899DL1984PLC019492
- (viii) **Listing Fee** : Annual Listing Fee for the year 2016-17 has been paid
to BSE with in due date.



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(ix) Stock Market-Price Data:

The monthly movement of equity share price on Bombay Stock Exchange vis-a-vis BSE sensex during the financial year 2015-16 are given as follows:

Financial Year 2015-16	Share prices (In Rs.)		BSE Sensex	
	High	Low	Highest	Lowest
April, 2015	34.60	28.00	29094.61	26897.54
May, 2015	33.70	27.05	28071.16	26423.99
June, 2015	30.00	25.00	27968.75	26307.07
July, 2015	33.00	27.50	28578.33	27416.39
August, 2015	35.45	26.10	28417.59	25298.42
September, 2015	33.90	26.25	26471.82	24833.54
October, 2015	31.60	27.00	27618.14	26168.71
November, 2015	30.40	26.00	26824.30	25451.42
December, 2015	31.25	27.40	26256.42	24867.73
January, 2016	34.80	29.25	26197.27	23839.76
February, 2016	33.65	25.40	25002.32	22494.61
March, 2016	28.50	25.35	25479.62	23133.18

(x) 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 is Registrar and Share Transfer Agents (RTA) which is a Common Agency for Physical and Electronic modes.

Transfer of the dematerialised shares are done through the depositories with no involvement of the Company. 6962364 equity shares comprising 88.18% of the total equity shares of the company are in electronic form as on 31.03.2016. Out of total 8166 shareholders, 3043 shareholders representing 37.26% have their shares dematerialised as on 31.03.2016.

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 from the date of receipt thereof if the documents are in order in all respects. The Stakeholders' Relationship Committee specifically looks into the redressal of shareholders complaints like transfer of equity shares and related matters.

(xi) Distribution of Equity Shareholding as on 31.03.2016:

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Number	% to Total
Up to 500	7,792	95.42	9,97,502	12.63
501 to 1000	179	2.19	1,51,634	1.92
1001 to 2000	59	0.72	93,142	1.18
2001 to 3000	38	0.47	95,076	1.21
3001 to 4000	16	0.20	57,791	0.73
4001 to 5000	16	0.20	73,241	0.93
5001 to 10000	23	0.28	1,62,614	2.06
10001 and above	43	0.52	62,64,200	79.34
Total	8,166	100.00	78,95,200	100.00



VARDHMAN INDUSTRIES LIMITED

(xii) Shareholding Pattern as on 31.03.2016:

Category	Number of Equity Shares	% to Total Shares
Promoters	4765000	60.35
Private Corporate Bodies	74791	0.95
Indian Public	2999614	37.99
NRIs	55795	0.71
Total	7895200	100.00

(xiii) Registrar for Demat and Shares 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 : info@masserv.com

(xiv) 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, Sahnewal, Ludhiana-141 120. (Phone No. : 0161-2511412)
OR to the Registrar for physical/demat modes at their above noted address.

(xv) Plant Location of the company :

G.T. Road, Village Beopror, Teh. Rajpura, Distt. Patiala (Punjab) Phone No. : 01762-265700

IX. COMPLIANCES UNDER ERSTWHILE LISTING AGREEMENT AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

The Company has complied with the provisions of the erstwhile Listing Agreement. Information, Certificates and returns as required under erstwhile Listing Agreement are sent to the Stock exchange within the prescribed time.

The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

X. RECONCILIATION OF SHARE CAPITAL:

As stipulated by SEBI Listing (Obligations and Disclosure Requirements) Regulations, 2015, the statutory auditors of the company carried 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.

XI. CODE OF CONDUCT:

The members of the board and senior management personnel have affirmed the compliance with code applicable to them during the year 31st March, 2016. The annual report of the Company contains a certificate by the CFO and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from independent directors, non-executive directors and senior management.

XII. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

XIII. COMPLIANCE CERTIFICATE OF THE AUDITORS:

The Statutory Auditors have certified that the Company has complied with the conditions of the Corporate Governance as stipulated in Listing Regulations, 2015 and the same is annexed to the Report.

DECLARATION :

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
(KAPIL KUMAR JAIN)
Chairman
DIN: 00755228

Place : Ludhiana
Date : 30.05.2016



VARDHMAN INDUSTRIES LIMITED

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

[Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, the undersigned, in our respective capacities of Managing Director and Chief Financial Officer of Vardhman Industries Limited ("the Company") to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and Cash Flow statement for the year ended on 31.03.2016 and based on our knowledge and belief, we state that:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) 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.
2. 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 violation of the Company's code of conduct;
3. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, wherever applicable:
 - a) That there were no deficiencies in the design or operation of internal controls which came to our notice;
 - b) That there were no significant changes in internal control over financial reporting during the year;
 - c) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
 - d) 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.

For Vardhman Industries Limited

Place : Ludhiana

Sd/-

Sd/-

Dated: 30.05.2016

(Rahul Jain)

(Rajesh Sharma)

Managing Director

Chief Financial Officer

AUDITORS' CERTIFICATE

(Regarding 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, 2016, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance and conditions of 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 SEBI Listing Regulations, 2015.

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.

FOR RAJ GUPTA & CO.

Chartered Accountants

FRN- 000203N

Sd/-

(R.K. Gupta)

Partner

M.No. 017039

Place : Ludhiana

Dated : 30.05.2016

**ANNEXURE-III****Statement containing the salient features of the financial statements of Associate Companies
Form AOC-I (PART-'B')**

[Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014]

Name of Associate Company	JSW Vallabh Tinplate Pvt. Ltd.
1. Latest Audited Balance Sheet Date	31-March-2016
2. Shares of Associate/JV held by the Company on year end:	
Number of Shares	1,17,82,373
Amount of Investment in Associate/JV	₹ 14,12,67,644
Extend of Holding %	23.55%
3. Description of how there is significant influence	By Virtue of Joint Venture Agreement.
4. Net worth attributable to Shareholding as per latest audited Balance Sheet	₹ 15,80,20,588/-
5. Profit for the year 2015-16*-Considered in Consolidation	₹ 1,54,76,995/-
-Not Considered in Consolidation	₹ 5,02,42,731/-

*Considered on the basis of unaudited financial statements of JSW Vallabh Tinplate Pvt. Ltd.

ANNEXURE-IV**Particulars of contracts/arrangements made with related parties****Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contacts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended March 31st, 2016, which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions at arm's length basis:

The details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31st, 2016 are given in the financial Statements.

ANNEXURE-V**DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**i) **The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:**

Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director / KMP for FY 2015-16 (Amt. in Rs.)	% increase in Remuneration in the FY 2015-16	Ratio of Remuneration each Director/ to median remuneration of employees	Comparison of remuneration of the KMP against the performance of the Company
1.	Mr. Rahul Jain (Managing Director)	28,21,047	Nil	15.92	Profit before tax increased by 100.08%
2.	Mr. Kapil Kumar Jain (Chairman and Executive Director)	Nil	Nil	—	N.A.
3.	Mr. Vikram Jain (Director)	Nil	Nil	—	N.A.
4.	Mr. Ashwani Kumar Jain (Non-executive Independent Director)	Nil	Nil	—	N.A.



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5.	Mr. Surinder Kumar Vig* (Non-executive Independent Director)	Nil	Nil	—	N.A.
6.	Mr. Ashok Kumar Jain (Non-executive Independent Director)	Nil	Nil	—	N.A.
7.	Mrs. Radhika Gupta (Non-executive Independent Director)	Nil	Nil	—	N.A.
8.	Mr. Rajesh Sharma (Company Secretary & CFO)	16,50,000	9.31	N.A.	Profit before tax increased by 100.08%

Note: *Mr. Surinder Kumar Vig resigned from directorship of the company w.e.f. 02.02.2016.

- ii) The median remuneration of employees of the Company during the financial year was Rs. 1,77,160.
- iii) In the financial year, there was an increase of 20.03% in the median remuneration of the employees.
- iv) There were 75 permanent employees on the rolls of the Company as on March 31st, 2016.
- v) **Relationship between average increase in remuneration and company performance:**
The Profit before Tax for the financial year ended March 31st, 2016 increased by 100.08% whereas the increase in median remuneration was 20.03%. The average increase in median remuneration was in line with the basic inflation given to the employees.
- vi) **Comparison of the Remuneration of the Key Managerial Personnel(s) against the performance of the Company:**
The total remuneration of Key Managerial personnel decreased by 3.80% from Rs. 45.99 lacs to Rs. 44.71 lacs in 2015-16 whereas the profits before tax increased by 100.08% to Rs. 500.78 lacs in 2015-16 from Rs. 250.29 lacs in 2014-15.
- vii) **Variations in the market capitalization of the Company, Price-Earnings Ratio at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company, the variations in the net worth of the company as at the close of the current financial year and previous financial year :**
- | Particulars | As on 31.03.2016 | As on 31.03.2015 | % increase/ (decrease) |
|-----------------------------------|------------------|------------------|------------------------|
| Share price (Rs.) | 27.80 | 29.80 | (6.71) |
| Market Capitalization (Rs. Lacs): | 2195 | 2353 | (6.71) |
| Price-Earning Ratio | 4.66 | 6.71 | (30.55) |
| Net Worth (Rs. Lacs): | 8242 | 7679 | 7.33 |
- The Company's shares are listed on BSE Limited.
- viii) **Average percentage increase made in the salary of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**
Average Salary increase of non-managerial employees is 6% whereas there is no increase in the managerial remuneration.
- ix) **The ratio of the highest paid director to that of the employee who are not directors but receive remuneration in excess of the highest paid director during the year:**
The Managing Director is the highest paid director. No employee receive remuneration higher than the Managing Director during the year under review.
- x) **Affirmation that the remuneration is as per the remuneration policy of the Company:**
Remuneration paid during the year ended 31.03.2016 is as per the Remuneration Policy of the Company.



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ANNEXURE- VI FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L74899DLI984PLC019492
2.	Registration Date	05-12-1984
3.	Name of the Company	Vardhman Industries Limited
4.	Category/Sub-category of the Company	Public Company / Limited by shares
5.	Address of the Registered office & contact details	1309, 13th Floor, Vikram Tower, Rajendra Place, New Delhi-110008, Tel No.: 011-25743060
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Mas Services Limited T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 Tel No. : 011-26387281-83

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated):

Sr. No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the company
1.	GP/GC Sheets, Colour Coated Sheets	27171	100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

No. of Companies for which information is being filled	1
--	---

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	JSW Vallabh Tinplate Pvt. Ltd. 1309, Vikram Tower, New Delhi.	U28112DL199 5PTC204971	Associate Company	23.55	Section 2(6)

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

A) Category-wise Share Holding:-

Category of Share holder	No. of Shares held at the beginning of Year (As on 01-04-2015)				No. of Shares held at the end of the Year (As on 31-03-2016)				% Change During the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	2575200	0	2575200	32.62	2575200	0	2575200	32.62	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	2189800	0	2189800	27.74	2189800	0	2189800	27.74	0.00
e) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
(2) Foreign									
a) NRI - Individual/	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individual/	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Others	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)	4765000	0	4765000	60.35	4765000	0	4765000	60.35	0.00



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B. Public Share holding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.:									
i) Indian	112428	4200	116628	1.48	68404	3700	72104	0.92	-0.56
ii) Overseas	0	0	0	0.00	0	0	0	0	0.00
b) Individuals:									
i) Individual share holders holding nominal share capital upto Rs. 1 lakh	900961	693676	1594637	20.20	895150	684976	1580126	20.01	-0.19
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1115763	245260	1361023	17.24	1175328	244160	1419488	17.98	0.74
c) Others (specify):									
(c-i) NRI	52394	0	52394	0.66	55795	0	55795	0.71	0.05
(c-ii) Clearing Member	5518	0	5518	0.07	2687	0	2687	0.03	-0.04
Sub-total (B)(2):-	2187064	943136	3130200	39.65	2197364	932836	3130200	39.65	0.00
Total Public Share holding (B)=(B)(1) + (B)(2)	2187064	943136	3130200	39.65	2197364	932836	3130200	39.65	0.00
C. Shares held by Custodian for GDRs & ADRs									
	0	0	0	0	0	0	0	0.00	0.00
Grand Total (A+B+C)	6952064	943136	7895200	100.00	6962364	932836	7895200	100.00	0.00

B) Shareholding of Promoters:-

Sr. No.	Shareholders' Name	Shareholding at the beginning of the Year (As on 01.04.2015)			Shareholding at the end of the year (As on 31.03.2016)			% Change in Share holding during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to the shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.	Kapil Kumar Jain	381000	4.83	0.00	381000	4.83	0.00	0.00
2.	Rahul Jain	370000	4.69	0.00	370000	4.69	0.00	0.00
3.	Vikram Jain	360000	4.56	0.00	360000	4.56	0.00	0.00
4.	Lata Jain	390100	4.94	0.00	390100	4.94	0.00	0.00
5.	Megha Jain	208100	2.64	0.00	208100	2.64	0.00	0.00
6.	Zarqa Jain	128000	1.62	0.00	128000	1.62	0.00	0.00
7.	Kapil Kumar & Sons (HUF)	390000	4.94	0.00	390000	4.94	0.00	0.00
8.	Rahul Jain & Sons (HUF)	198000	2.51	0.00	198000	2.51	0.00	0.00
9.	Vikram Jain & Sons (HUF)	150000	1.90	0.00	150000	1.90	0.00	0.00
10.	Vallabh Steels Ltd.	666600	8.44	0.00	666600	8.44	0.00	0.00
11.	Adhinath Investments Pvt. Ltd.	387000	4.90	0.00	387000	4.90	0.00	0.00
12.	Hind Leasing & Finance Ltd.	388800	4.92	0.00	388800	4.92	0.00	0.00
13.	Associated Leasing Ltd.	747400	9.47	0.00	747400	9.47	0.00	0.00
	TOTAL	4765000	60.35	0.00	4765000	60.35	0.00	0.00



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C) Change in Promoters' Shareholding (please specify, if there is no change):- Not Applicable

D) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):-

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/ (Decrease) in Share holding	Reason	Cumulative Shareholding during the year	
		No. of Share	% of total shares of the company				No. of shares	% of total shares of the company
1.	Shweta Jain	446400	5.65	—	—	—	446400	5.65
2.	Raju Bhandari	188467	2.39	25-09-2015	46438	Purchase	234905	2.98
3.	Manisha Jain	66020	0.84	—	—	—	66020	0.84
4.	Saminder Singh Grewal	65495	0.83	—	—	—	65495	0.83
5.	Sanjay Anand & Sons (HUF)	0	0	03-04-2015	55535	Purchase	55535	0.70
6.	Arvind Kumar J Sancheti	50951	0.65	—	—	—	50951	0.65
7.	Avinash Nivrutti Bhosale	0	0	31-07-2015	50000	Purchase	50000	0.63
8.	Shashi Bushan	43586	0.55	—	—	—	43586	0.55
9.	Tani Sidhu	41254	0.52	—	—	—	41254	0.52
10.	Suman Jain	40000	0.51	—	—	—	40000	0.51

E) Shareholding of Directors and Key Managerial Personnel:-

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Kapil Kumar Jain At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	381000	4.83		
		-	-	381000	4.83
2.	Rahul Jain At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	370000	4.69		
		-	-	370000	4.69
3.	Vikram Jain At the beginning of the year Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease(e.g. Allotment/transfer/ bonus/sweat equity etc.): At the end of the year	360000	4.56		
		-	-	360000	4.56
4.	Ashok Kumar Jain At the beginning of the year Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/ decrease(e.g. Allotment/transfer/ bonus/sweat equity etc.): At the end of the year	4700	0.06		
		-	-	4700	0.06



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V. INDEBTEDNESS: Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	86,92,54,712	—	—	86,92,54,712
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	86,92,54,712	—	—	86,92,54,712
Change in Indebtedness during the financial year				
* Addition	—	—	—	—
* Reduction	15,48,31,852	—	—	15,48,31,852
Net Change	(15,48,31,852)	—	—	(15,48,31,852)
Indebtedness at the end of the financial year				
i) Principal Amount	71,44,22,860	—	—	71,44,22,860
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	71,44,22,860	—	—	71,44,22,860

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sr. No.	Particulars of Remuneration	Name of Managing Director (Amt. in Rs. per annum)
		Mr. Rahul Jain
1.	Gross salary	26,25,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	1,96,047
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	-
	Total	28,21,047
	Ceiling as per Act	42,00,000

B. Remuneration to Other Directors:

The Company has not paid any remuneration to any other director during the year 2015-16.

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

Sr. No.	Particulars of Remuneration	Mr. Rajesh Sharma (CFO & CS) (Amt. in Rs. per annum)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	16,50,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	-
	Total	16,50,000

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2015-16, the company has not been found guilty for any offence. Hence it was not liable for any penalty, punishment under all Acts applicable to it.

BY ORDER OF THE BOARD OF DIRECTORS

Place : Ludhiana
Date : 30.05.2016

Sd/-
(KAPIL KUMAR JAIN)
Chairman
DIN: 00755228



**ANNEXURE-VII
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
VARDHMAN INDUSTRIES LIMITED,
CIN: L74899DL1984PLC019492
1309, 13th Floor, Vikram Tower,
Rajendra Place, New Delhi - 110008

We have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **VARDHMAN INDUSTRIES LIMITED** (hereinafter called "the Company"). The secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon. Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2016, complied with the statutory provisions listed hereunder and also has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with our letter of even date annexed to this report as Annexure-'A'.

- I. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the applicable provisions of:
 - i. The Companies Act, 2013 (*the Act*) and the rules made thereunder;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - iii. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
 - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - vi. The Listing Agreements entered into by the Company with:- BSE Limited read with the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015; and
 - vii. All relevant laws applicable to the company as provided by the Management is hereunder:-
 - a. Factories Act, 1948;
 - b. Payment of Wages Act, 1936 and rules made thereunder;
 - c. The Minimum Wages Act, 1948 and rules made thereunder;
 - d. Employees' State Insurance Act, 1948, and rules made thereunder;
 - e. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder;
 - f. The Payment of Bonus Act, 1965, and rules made thereunder;



VARDHMAN INDUSTRIES LIMITED

- g. Payment of Gratuity Act, 1972, and rules made thereunder;
 - h. Industrial Disputes Act, 1947;
 - i. The Workmen's Compensation Act, 1923;
 - j. Air (Prevention & Control of Pollution) Act, 1981;
 - k. Water (Prevention & Control of Pollution) Act, 1974;
 - l. Hazardous Waste (Management & Handling) Rules, 1989;
 - m. Manufacture, Storage and Import of Hazardous Chemical Rules, 1989;
 - n. Income Tax Act, 1961;
 - o. Central Sales Tax Act, 1956;
 - p. Octroi / Entry Tax;
 - q. Electricity Payments (Indian Electricity Act, 2013);
 - r. Central Excise Act, 1944;
 - s. Customs Act, 1962; and
 - t. Shop and Establishment Act.
2. We are informed that, for the financial year ended on 31st March 2016, the Company was not required to maintain books, papers, minute books, forms and returns filed or other records according to the provisions of the following Regulations and Guidelines prescribed under SEBI Act:
- a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ; and
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
3. We have also checked/examined compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
4. During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above.
5. We further report that:
- i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - ii. Adequate notice was given to all directors to schedule the Board Meetings. Notices of Board Meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent less than seven days before the meeting as there was no statutory requirement under the Act for the same.
 - iii. A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings before majority decision is carried through. We are informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
 - iv. Decisions at the Board meetings were taken unanimously.
 - v. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
 - vi. We further report that during the audit period there were no specific events/actions such as Public Issue of Securities, buy back, merger, amalgamation, foreign technical collaborations etc. or any other major decisions in pursuance of section 180 of the Companies Act, 2013 which require compliance of applicable provisions thereof.

For RCS & COMPANY
Company Secretaries

Date: 30th May, 2016
Place: Ludhiana

Sd/-
(R.C. SINGAL)
Proprietor
FCS No. 903
C.P. No. 3154



VARDHMAN INDUSTRIES LIMITED

ANNEXURE-'A'

To

The Members,

VARDHMAN INDUSTRIES LIMITED,

CIN: L74899DLI984PLC019492

1309, 13th Floor, Vikram Tower,

Rajendra Place, New Delhi - 110008

Our Secretarial Audit Report of even date is to be read along with this letter.

- 1) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express our opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4) Compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures followed by the company.
- 5) While forming an opinion on compliance and issuing the secretarial audit report, we have also taken into consideration the compliance related actions taken by the Company after 31st March, 2016 but before issue of the report.
- 6) We have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
- 7) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For RCS & COMPANY
Company Secretaries

Date: 30th May, 2016
Place: Ludhiana

Sd/-
(R.C. SINGAL)
Proprietor
FCS No. 903
C.P. No. 3154



INDEPENDENT AUDITORS' REPORT

To

**The Members 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, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

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

In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016;
- 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' statement on the matters Specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;



- c) The Balance Sheet, 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 aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B'; and
- g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - iii. There has not been any occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

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

Place : Ludhiana
Dated : 30.05.2016

Sd/-
(R.K. Gupta)
Partner
M. No. 017039

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

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

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that

- i) In respect of fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) According to the information and explanation given to us, the company has a regular program of physical verification of its fixed assets by which all fixed assets are verified. However, no such report of physical verification of fixed assets done by the company has been provided to us.
 - (c) According to information and explanation given to us, the title deeds of immovable property are held in the name of the company.
- (ii) In respect of Inventories:-
 - (a) According to information and explanations given to us, the inventories have been physical verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company has maintained proper records of inventory. As explained to us, the discrepancies noticed on physical verification were not material. However, the discrepancies noticed have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the company has not granted any loss, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the act. Accordingly, the provisions of clause 3(iii) (a) to (c) of the order are not applicable to the company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of material.



- Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.
- v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
 - vi) We have broadly reviewed the records maintained by the company pursuant to the rules prescribed by the central government for maintenance of cost records under sub-section (l) of section 148 of the act and are of the opinion that prima facie, the prescribed accounts have been prepared and maintained. However we have not made the detailed examination of records.
 - (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India ;
 - (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues which have not been deposited on account of any disputes.
 - (c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise.
 - (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and financial institution and also has not issued debentures during the year. The Company has not taken any loans or borrowings from Government.
 - ix) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year.
 - x) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
 - xi) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
 - xii) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
 - xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
 - xiv) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

ANNEXURE 'B' TO INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of VARDHMAN INDUSTRIES LIMITED as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.



Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

A company's internal financial control over financial reporting includes those policies and procedures that

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For RAJ GUPTA & CO.

Chartered Accountants

FRN- 000203N

Sd/-

(R.K. Gupta)

Partner

M. No. 017039

Place : Ludhiana

Dated : 30.05.2016



VARDHMAN INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2016

PARTICULARS	NOTE	AS AT 31.03.2016 ₹	AS AT 31.03.2015 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	7,94,76,000	7,94,76,000
(b) Reserves and Surplus	2	74,47,20,137	68,83,99,459
Non-current Liabilities			
(a) Long-term Borrowings	3	15,78,13,671	22,70,06,124
(b) Deferred Tax Liability (net)	4	11,80,26,057	12,14,32,759
(c) Other Long-term Liabilities	5	3,01,27,491	2,71,85,314
(d) Long-term Provisions	6	18,57,156	29,21,290
Current Liabilities			
(a) Short-term Borrowings	7	55,72,85,850	64,58,50,590
(b) Trade Payables	8	30,66,23,507	12,57,78,257
(c) Other Current Liabilities	9	11,24,02,793	16,09,10,171
(d) Short-term Provisions	10	1,26,55,962	54,98,638
Total		<u>2,12,09,88,624</u>	<u>2,08,44,58,602</u>
ASSETS			
Non-current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		74,75,69,086	77,59,81,821
(ii) Capital Work-in-Progress		-	59,50,575
(b) Non-current Investments	12	19,83,85,644	18,76,05,644
(c) Long-term Loans and Advances	13	83,29,693	83,31,343
Current Assets			
(a) Inventories	14	23,47,98,527	32,85,34,109
(b) Trade Receivables	15	61,67,96,430	65,12,09,870
(c) Cash and Cash Equivalents	16	3,16,40,736	2,20,05,070
(d) Short-term Loans and Advances	17	28,34,68,508	10,48,40,171
Total		<u>2,12,09,88,624</u>	<u>2,08,44,58,602</u>
Notes on Financial Statements	1 to 32		
Significant Accounting Policies	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/-
(R.K. Gupta)

Partner
M.No. 017039
Place : Ludhiana
Dated : 30.05.2016

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Rajesh Sharma)
CFO & CS



VARDHMAN INDUSTRIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.03.2016 ₹	FOR THE YEAR ENDED 31.03.2015 ₹
INCOME			
Revenue from Operations		2,61,56,85,783	3,04,85,82,639
Less : Excise Duty		16,43,25,530	21,52,59,202
Net revenue from operations	18	2,45,13,60,253	2,83,33,23,437
Other Operating Income	19	1,20,000	1,20,000
Total Revenue		2,45,14,80,253	2,83,34,43,437
EXPENSES			
Cost of Materials Consumed	20	2,02,66,77,283	2,42,16,92,870
Changes in inventories of finished goods and Work-in-Progress	21	12,81,23,758	7,59,52,505
Employee Benefit Expense	22	3,24,58,026	5,19,92,883
Finance Costs	23	5,57,47,919	5,82,07,352
Depreciation and Amortization Expense	11	5,86,26,212	7,05,70,152
Other Expenses	24	9,97,69,111	12,99,99,119
Total Expenses		2,40,14,02,309	2,80,84,14,881
PROFIT BEFORE TAX		5,00,77,944	2,50,28,556
Tax Expense:			
- Current Tax		1,23,17,000	50,15,912
- Less: MAT Credit Entitlement		59,42,291	50,15,912
Net Current Tax		63,74,709	-
Deferred Tax		(34,06,703)	(99,92,381)
PROFIT FOR THE YEAR		4,71,09,938	3,50,20,937
Basic and Diluted Earning Per Share:	25	5.97	4.44
Notes on Financial Statements	1 to 32		
Significant Accounting Policies	33		

As per our separate report of even date

FOR RAJ GUPTA & CO.

Chartered Accountants

FRN- 000203N

Sd/-
(R.K. Gupta)
Partner
M.No. 017039
Place : Ludhiana
Dated : 30.05.2016

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Rajesh Sharma)
CFO & CS

For and on behalf of the Board



VARDHMAN INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	CURRENT YEAR 2015-16 ₹	PREVIOUS YEAR 2014-15 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax & Exceptional Items	5,00,77,944	2,50,28,556
Adjustment for :		
Depreciation	5,86,26,212	7,05,70,152
Profit on sale of Investments	-	(1,27,11,597)
Amounts written back	(98,442)	5,44,489
Finance Costs	5,57,47,919	5,82,07,352
Operating Profit before Working Capital Changes	16,43,53,633	14,16,38,951
Adjustment for		
Trade and other Receivables	(14,47,45,839)	37,39,91,211
Inventories	9,37,35,582	9,77,86,831
Trade and other Payables	13,94,95,196	(25,70,77,596)
Cash Flow from operations	25,28,38,571	35,63,39,398
Direct Taxes	(57,43,670)	(67,60,658)
Net Cash Flow from Operating Activities	24,70,94,901	34,95,78,740
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Payments for Capital Goods	(2,42,62,907)	(6,42,58,392)
Purchase of Investments	(1,07,80,000)	(28,42,06,047)
Sales of Investments	-	30,00,00,000
Net Cash Flow in Investing Activities	(3,50,42,907)	(4,84,64,439)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Finance Costs	(5,57,47,919)	(5,82,07,352)
Dividend paid/Reversed	78,95,200	(78,95,200)
Corporate Dividend Tax	13,15,540	(13,15,540)
Movement in Long-term Borrowings	(6,73,14,410)	(15,48,90,574)
Movement in Working Capital Borrowings	(8,85,64,740)	(9,52,92,526)
Net Cash Flow from Financing Activities	(20,24,16,329)	(31,76,01,192)
Net Change in Cash & Cash Equivalents (A+B+C)	96,35,666	(1,64,86,892)
Cash & Cash Equivalents at the beginning of the year	2,20,05,070	3,84,91,962
Cash & Cash Equivalents at the end of the year	3,16,40,736	2,20,05,070

Note :

1. Previous year's figures have been regrouped/rearranged wherever considered necessary, to make them comparable with current year's figures.
2. Figures in brackets represent payments.

As per our separate report of even date

FOR RAJ GUPTA & CO.

Chartered Accountants

FRN- 000203N

For and on behalf of the Board

Sd/-
(R.K. Gupta)
Partner

M.No. 017039
Place : Ludhiana
Dated : 30.05.2016

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Rajesh Sharma)
CFO & CS



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2016
₹

AS AT 31.03.2015
₹

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 31.03.2016		As at 31.03.2015	
	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
Ms. Shweta Jain	4,46,400	5.65	4,46,400	5.65

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: (B) 5,64,83,707 5,64,83,707

Statement of Profit and Loss

As at Commencement of the Year 61,21,77,752 64,47,88,788

Less: Adjustment relating to fixed assets - 5,84,21,233

Add: Proposed dividend & CDT received back 92,10,740 -

Add: Profit for the year 4,71,09,938 3,50,20,937

66,84,98,430 62,13,88,492

Less: Appropriations

Proposed Dividend on Equity Shares - 78,95,200

Corporate Dividend Tax - 13,15,540

(C) 66,84,98,430 61,21,77,752

Total (A+B+C) 74,47,20,137 68,83,99,459



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2016	AS AT 31.03.2015
	₹	₹
Note : 3 LONG-TERM BORROWINGS		
Secured Loans		
Term Loans from Banks:		
IDBI Bank Limited	3,27,53,101	5,87,53,100
State Bank of India	18,85,74,000	24,36,81,522
Buyer's Credit -IDBI Bank LTD-\$ 210000	1,39,29,909	1,34,29,500
	23,52,57,010	31,58,64,122
Less: Instalments due within 12 months	7,81,20,000	9,24,60,000
	15,71,37,010	22,34,04,122
Vehicle Loans from Banks:		
Oriental Bank Of Commerce	35,55,944	58,50,710
BMW India Financial Services	6,37,094	12,01,424
ICICI Bank Limited	-	70,514
ICICI Bank Limited	-	42,309
Kotak Mahindra Prime Ltd.[SWIFT]	18,766	1,58,253
Kotak Mahindra Prime Ltd.[COROLLA]	64,413	5,39,197
	42,76,217	78,62,408
Less: Instalments due within 12 months	35,99,556	42,60,406
	6,76,661	36,02,002
Total	15,78,13,671	22,70,06,124
3.1	Term loans are secured by first charge on the Block of assets of Company and personally guaranteed by three directors of the company.	
	Terms of Repayment:	
	In case of SBI Term loan Instalments are payable upto 2019-20.	
	In case of IDBI Term loan instalments are payable upto 2018-19.	
	In case of Oriental Bank of commerce vehicle loan instalments payable upto 2017-18.	
	In case of kotak Mahindera Prime & BMW India Financials vehicle loan instalments payable upto 2016-17	
Note : 4 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Relating to Fixed Assets	11,80,26,057	12,14,32,759
Total	11,80,26,057	12,14,32,759
Note : 5 OTHER LONG TERM LIABILITIES		
Deferred Credits	2,86,03,437	2,50,12,030
Security Deposits	15,24,054	21,73,284
Total	3,01,27,491	2,71,85,314
Note : 6 LONG TERM PROVISIONS		
Gratuity	18,57,156	29,21,290
Total	18,57,156	29,21,290



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2016

AS AT 31.03.2015

₹

₹

Note : 7 SHORT TERM BORROWINGS

Secured Loans

Working Capital Loans from State Bank of India	41,50,77,300	60,32,19,206
Working Capital Loans from IDBI Bank Limited	14,22,08,550	4,26,31,384
Total	55,72,85,850	64,58,50,590

7.1 Working capital loans from banks are primarily secured by hypothecation of Stocks, Book Debts and entire present and future tangible current assets of the company. It is collaterally secured by mortgage of immovable properties of the company and personally guaranteed by three directors of the company. It is further secured by second charge on block of assets of the company.

Note: 8 TRADE PAYABLES

Sundry Creditors	30,66,23,507	12,57,78,257
Total	30,66,23,507	12,57,78,257

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-TL	7,81,20,000	9,24,60,000
Current Maturity of Long-term Debt-VL	35,99,556	42,60,406
Duties & Taxes Payable	17,08,249	36,10,910
Other Current Liabilities	2,24,28,939	3,80,22,185
Advance Received from Customers	29,84,689	38,50,367
Cheques issued but not presented for payment	35,61,360	1,87,06,303
Total	11,24,02,793	16,09,10,171

Note : 10 SHORT-TERM PROVISIONS

Provision For contribution to PF, ESI etc.	3,38,962	4,82,726
Provision for tax	1,23,17,000	50,15,912
Total	1,26,55,962	54,98,638

Note : 11 FIXED ASSETS

Tangible Assets	1,33,62,35,189	1,30,97,88,279
Capital Work-in-Progress	-	59,50,575
Accumulated Depreciation Provision on Tangible Assets	(58,86,66,102)	(53,38,06,458)
Total	74,75,69,086	78,19,32,396

SCHEDULE OF FIXED ASSETS & DEPRECIATION

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As At 01.04.2015	Additions	Sales/adjust- ments	As At 31.03.2016	As At 01.04.2015	For the Year	Written Back	Transfer to Reserve	As At 31.3.2016	As At 31.3.2016	As At 31.3.2015
Land	1,35,20,390	24,28,800	43,02,224	1,16,46,966	-	-	-	-	-	1,16,46,966	1,35,20,390
Building	10,06,52,684	-	-	10,06,52,684	3,37,05,091	31,03,015	-	-	3,68,08,106	6,38,44,578	6,69,47,593
Furniture & Fixture	57,04,150	2,75,886	-	59,80,036	26,82,939	5,79,884	-	-	32,62,823	27,17,213	30,21,211
Plant and Machinery	1,14,95,16,259	3,94,54,179	1,26,24,061	1,17,63,46,377	47,60,40,644	5,08,83,609	33,15,218	-	52,36,09,035	65,27,37,342	67,34,75,615
Vehicles	4,03,94,796	23,20,320	11,05,992	4,16,09,126	2,13,77,784	40,59,704	4,51,350	-	2,49,86,138	1,66,22,988	1,90,17,012
Sub Total	1,30,97,88,279	4,44,79,185	1,80,32,277	1,33,62,35,189	53,38,06,458	5,86,26,212	37,66,568	-	58,86,66,102	74,75,69,086	77,59,81,821
Add: Opening WIP	59,50,575	-	59,50,575	-	-	-	-	-	-	-	59,50,575
Grand Total	1,31,57,38,854	4,44,79,185	2,39,82,852	1,33,62,35,189	53,38,06,458	5,86,26,212	37,66,568	-	58,86,66,102	74,75,69,086	78,19,32,396
Previous year	1,25,66,65,831	6,87,06,681	96,33,660	1,31,57,38,854	41,00,11,443	7,05,70,152	51,96,371	5,84,21,233	53,38,06,458	78,19,32,396	84,66,54,388



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2016	AS AT 31.03.2015
	₹	₹

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	29,50,000	29,50,000
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Unquoted fully paid up equity shares:

Associated Leasing Limited 20,000 shares of face value of ₹10/- each	2,00,000	2,00,000
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Vallabh Textiles Company Limited 42,50,000 shares of face value of ₹10/- each	4,25,00,000	4,25,00,000
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Vallabh Steel West Pvt. Ltd. 1,07,800 (Previous year Nil) shares of face value of Rs. 100/- each	1,07,80,000	-
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Investment in Associate

JSW Vallabh Tinplate Private Limited 1,17,82,373 shares of face value of ₹10/- each	14,12,67,644	14,12,67,644
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Other Investments

Quoted fully paid up equity shares:

SBI Infrastructure Fund 40,000 units of face value of ₹10/- each	4,00,000	4,00,000
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DMC Education Limited 72,000 shares of face value of ₹5/- each	2,88,000	2,88,000
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Total	19,83,85,644	18,76,05,644
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Aggregate value of Quoted Investments	36,38,000	36,38,000
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Market value of Quoted Investments	1,13,09,056	54,28,190
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Aggregate value of Unquoted Investments	19,47,47,644	18,39,67,644
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Note: The Market value of quoted Investments is based on the price prevailing in the market as on 31st March, 2016

Note : 13 LONG-TERM LOANS & ADVANCES

Security Deposits	83,29,693	83,31,343
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Total	83,29,693	83,31,343
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VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2016 ₹	AS AT 31.03.2015 ₹
Note : 14 INVENTORIES		
Raw Material	6,14,23,367	6,67,86,368
Work in Progress	38,69,135	2,10,69,524
Finished Goods	8,31,19,999	17,22,32,434
Stores & Spares	4,50,95,700	4,55,85,450
Goods in Transit	4,12,90,326	2,28,60,333
Total	23,47,98,527	32,85,34,109
Note : 15 TRADE RECEIVABLES		
Debtors outstanding for a period exceeding six months		
- Considered Good	37,57,216	48,48,406
Other Debtors		
- Considered Good	61,30,39,214	64,63,61,464
Total	61,67,96,430	65,12,09,870
15.1 Balances of debtors are subject to confirmation.		
Note : 16 CASH & CASH EQUIVALENTS		
Cash in Hand	51,58,715	44,85,859
Balance with Banks:		
- Current Accounts	54,07,033	39,94,652
- Fixed Deposits With Banks	2,10,74,988	1,35,24,559
(Pledged with Banks as margin money)		
Total	3,16,40,736	2,20,05,070
16.1 Balance with banks include unpaid dividend of Rs. 17,48,217/- (Previous Year Rs. 17,58,692/-)		
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	20,32,95,276	2,16,58,462
Prepaid Expenses	33,67,836	25,69,401
Income Tax	5,29,65,213	5,22,37,456
Cheques in hand/deposited	7,50,632	7,50,000
Balances with Excise Authorities	8,55,665	1,13,33,257
MAT Credit Entitlement	2,22,33,886	1,62,91,595
Total	28,34,68,508	10,48,40,171



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2016		YEAR ENDING 31.03.2015	
	₹		₹	
Note : 18 NET REVENUE FROM OPERATIONS				
Turnover		2,61,56,85,783		3,04,85,82,639
Less: Excise Duty		16,43,25,530		21,52,59,202
Total		2,45,13,60,253		2,83,33,23,437
Note : 19 OTHER OPERATING INCOME				
Rent Income		1,20,000		1,20,000
Total		1,20,000		1,20,000
Note : 20 COST OF MATERIALS CONSUMED				
A) Raw Material Consumed				
Opening Stock		6,67,86,368		5,31,66,744
Purchases		2,00,94,66,605		2,42,73,71,449
		2,07,62,52,973		2,48,05,38,193
Less : Closing Stock		6,14,23,367		6,67,86,368
Raw Material Consumed	Total (A)	2,01,48,29,606		2,41,37,51,825
B) Stores, Spares Consumed				
Opening Stock		4,55,85,450		3,50,19,000
Purchases		1,13,57,927		1,85,07,495
Less: Closing Stock		4,50,95,700		4,55,85,450
Stores Material Consumed	Total (B)	1,18,47,677		79,41,045
Total cost of material consumed	Total (A)+(B)	2,02,66,77,283		2,42,16,92,870
		Year ended 31.03.2016		Year ended 31.03.2015
		Value (₹)	%age	Value (₹)
				%age
20.1 a) Raw Material Consumed				
Indigenous	1,89,20,13,798	93.90	2,38,72,98,753	98.90
Imported	12,28,15,808	6.10	2,64,53,072	1.10
	2,01,48,29,606	100.00	2,41,37,51,825	100.00
b) Stores and Spares Consumed				
Indigenous	1,18,47,677	100.00	79,41,045	100.00
Imported	-	-	-	-
	1,18,47,677	100.00	79,41,045	100.00



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2016 ₹	YEAR ENDING 31.03.2015 ₹
Note : 21 CHANGES IN INVENTORIES OF WORK IN PROGRESS AND FINISHED GOODS		
Opening Stock:		
Work in Progress	2,10,69,524	2,92,49,375
Finished Goods	19,50,92,767	26,28,65,421
Total (A)	21,61,62,291	29,21,14,796
Closing Stock:		
Work in Progress	38,69,135	2,10,69,524
Finished Goods	8,41,69,398	19,50,92,767
Total (B)	8,80,38,533	21,61,62,291
(A-B)	12,81,23,758	7,59,52,505
Note : 22 EMPLOYEE BENEFIT EXPENSE		
Salary, Wages, Allowances & other Benefits	2,91,30,292	4,77,28,116
Contribution to Provident and other Funds	25,70,126	29,78,555
Staff Welfare Expenses	7,57,608	12,86,212
Total	3,24,58,026	5,19,92,883
22.1 Disclosures in terms of Accounting Standard 15 'Employee Benefits':		
Reconciliation of opening and closing balances of defined benefit obligation viz Gratuity:		
Liability at the beginning of the year	29,21,290	29,73,547
Liability provided during the year	(10,64,134)	(52,257)
Liability at the end of the year	18,57,156	29,21,290
Expense recognized in Statement of Profit and Loss		
Amount paid during the year	14,13,505	1,47,861
Amount debited to Statement to Profit and Loss	3,49,371	95,604
Note : 23 FINANCE COSTS		
Interest:		
-On Term Loan	1,62,86,789	1,25,77,439
-On Working Capital	3,71,84,874	4,14,75,337
-To Others	8,606	2,46,507
Bank Charges and commission	22,67,650	39,08,069
Total	5,57,47,919	5,82,07,352
23.1 Interest expenses is net of interest received on FDRs and PSPCL security.		



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2016 ₹	YEAR ENDING 31.03.2015 ₹
Note : 24 OTHER EXPENSES		
A) Selling & Distribution Expenses		
Packing & Forwarding Charges	94,94,778	83,41,480
Rebate and Discount	1,33,60,265	57,62,934
Brokerage & Commission	5,33,790	12,92,029
Other selling expenses	50,07,261	41,83,856
Export Expenses	2,39,76,113	1,31,91,213
Advertisement	38,399	1,39,742
Total (A)	5,24,10,606	3,29,11,254
B) Operating, Administrative & Other Expenses		
Power & Fuel	1,77,53,750	3,20,54,662
Repairs & Maintenance	31,00,499	32,23,558
Other manufacturing expenses	43,57,407	4,08,16,195
Rent, Rates, Fees and Taxes	29,75,090	26,74,744
Insurance	9,52,026	8,16,118
Legal & Professional charges	14,32,318	9,26,637
Directors' Remuneration	39,81,000	30,00,000
Travelling and Conveyance		
- Directors	7,45,669	2,80,880
- Others	24,89,399	24,14,396
Payment to Auditors:		
- As Auditors	2,01,000	62,500
- For reimbursement of expenses	31,007	35,034
Postage, Telegram and Telephone	8,04,859	9,42,901
Printing & Stationery	4,24,609	3,66,135
Repairs and Maintenance		
- Building	9,57,726	3,67,197
- Vehicles	46,26,984	33,08,533
- General	3,24,400	7,16,721
Charity & Donation	1,950	5,901
CSR Expenses	-	10,55,450
Other Miscellaneous Expenses	20,38,169	27,54,014
Loss on Sale of Vehicle	1,60,643	12,66,289
Total (B)	4,73,58,505	9,70,87,865
Total (A+B)	9,97,69,111	12,99,99,119
Note : 25 EARNING PER SHARE		
Profit after Tax (Rs.)	4,71,09,938	3,50,20,937
Weighted average no.of ordinary shares	78,95,200	78,95,200
Weighted average no.of diluted shares	78,95,200	78,95,200
Nominal Value of ordinary share (Rs.)	10	10
Basic Earning Per Share (Rs.)	5.97	4.44
Diluted Earning Per Share (Rs.)	5.97	4.44
Note : 26 EARNINGS IN FOREIGN EXCHANGE		
Export of Goods on FOB basis	19,83,71,331	21,02,60,480



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2016 ₹	YEAR ENDING 31.03.2015 ₹
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Note : 27 VALUE OF IMPORTS ON CIF BASIS

Raw Material, Spare parts & components	12,28,15,808	2,64,53,073
Capital Goods	51,41,497	46,27,089
Total	12,79,57,305	3,10,80,162

Note : 28 EXPENDITURE IN FOREIGN CURRENCY

Travelling, Sales promotion & Others	1,03,976	43,68,237
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NOTE: 29 RELATED PARTY DISCLOSURES

Information related to Related Party Transaction as per Accounting Standard-18, issued by Institute of Chartered Accountants of India is given below:

- Associate Company**
JSW Vallabh Tinplate Pvt. Ltd.
- Subsidiary Company**
Nil
- Other Related Parties**
Vallabh Textiles Company Limited
- Key Management Personnel**
Mr Kapil Kumar Jain, Mr. Rahul Jain, Mr. Rajesh Sharma
- Relatives of Key Management Personnel**
Mrs. Megha Jain, Mrs. Lata Jain
- Transaction with Associate/ Other Related Parties/ Key Management Personnel (KMP) and their Relatives during the year:**

Name of the party	Nature of Relationship	Nature of Transactions	Current Year
JSW Vallabh Tinplate Pvt. Ltd.	Associate company	Sale	17,41,76,540
		Reimbursement of expenses paid by JSW VTPL	15,17,070
		Purchase of fixed assets	23,17,122
		Expenses incurred on behalf of JSW VTPL purchase	96,93,910
Vallabh Textiles Company Limited	Other Related Party	Sale	66,564
		Purchase	19,61,543
Mr. Rahul Jain	KMP (MD)	Remuneration	1,257
Mr. Rajesh Sharma	KMP (CFO, CS)	Remuneration	28,21,047
Mrs. Lata Jain	Relatives of KMP	Salary	16,50,000
Mrs. Megha Jain	Relatives of KMP	Rent	24,00,000
		Salary	3,00,000
		Salary	18,00,000

Note: 30 SEGMENT REPORTING

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

Note: 31 CONTINGENT LIABILITIES NOT PROVIDED FOR

Letters of Credit	9,27,59,000	10,88,00,000
Corporate Guarantee	5,25,000	6,50,000

Note:32 Previous year's figures have been regrouped/rearranged wherever considered necessary, to make them comparable with current year's figures.

Note : 33 SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention

The financial statements, other than the Cash Flow Statement, are prepared under the historical cost convention, treating the entity as a going concern and in accordance with the applicable accounting standards and relevant provisions of the Companies Act, 2013.

b) Revenue Recognition

Revenue from domestic sale of goods is recognized at the time of dispatch of goods from the factory. Sales are exclusive of VAT and CST. Export sales are booked on the basis of the date of Bill of Lading.

c) Fixed Assets

Fixed Assets are stated at cost, net of taxes and duties subsequently recoverable from government



- authorities less accumulated depreciation and impairment loss, if any. Government grants relating to specific fixed assets are treated as deferred income, which is recognized in the Statement of Profit and Loss on a systematic basis over the useful life of the asset.
- All costs attributable to bringing the asset to its working condition for its intended use, including financing costs till commencement of commercial production and charges on foreign exchange contracts and adjustments arising out of exchange rate variations attributable to the fixed assets are capitalized.
- d) **Depreciation**
Pursuant to the enactment of the companies Act 2013, the Company has applied the estimated useful lives as specified in schedule II. Accordingly the unamortized carrying value is being depreciated over the revised/remaining useful lives.
- e) **Inventories**
Inventories are valued at cost or net realizable value, whichever is lower. Raw Material and stores are valued at cost determined on a weighted average basis. Work in process is valued at cost plus an appropriate share of overheads depending upon the stage of completion. Finished Goods are valued taking into account the raw material cost, conversion cost and the overheads incurred to bring the goods to their present location and condition.
- f) **Foreign Exchange Transactions**
Foreign Currency transactions are accounted for at exchange rate prevailing on the date of transaction. Premium on forward cover contracts in respect of import of raw materials is charged to the Statement of Profit and Loss over the period of contract. Amounts payable and receivable in foreign currency at the Balance Sheet date, not covered by forward contracts, are restated at the applicable exchange rate prevailing on the date of the Balance Sheet. All exchange differences, if any, arising on revenue transactions are charged/credited to the Statement of Profit and Loss.
- g) **Taxation**
Provision for current tax is made in accordance with the provisions of the Income Tax law applicable for the relevant year. Deferred tax asset/liability is created in accordance with the requirements of Accounting Standard 22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India. Deferred Tax Asset is created only to the extent there is virtual certainty that future taxable income will be available against which such deferred tax asset can be realized. 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 Accountants of India, MAT credit is recognized as an asset only to the extent there is a convincing evidence that the company will be paying regular income tax during the specified period.
- h) **Employee Benefits**
(a) Short-Term Employee benefits
Employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits and are recognized in the period in which the employee renders the related services.
(b) Post-employment benefits
Defined benefits Plans
The employee gratuity scheme is a defined benefit plan. 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.
The liability on account of compensated absences i.e. leave with wages is accounted for on the basis of unutilized leave standing to the credit of the employee at the close of the year.
Defined contribution Plans
Contributions to the employees' provident fund, which is a defined contribution plan, are recognized as expense in the period in which the employee has rendered the services.
- i) **Provisions and contingencies**
Provision is recognized in the balance sheet when, the company has a present obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made. A disclosure by way of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognized nor disclosed in the financial statements.

As per our separate report of even date

For and on behalf of the Board

FOR RAJ GUPTA & CO.

Chartered Accountants
FRN- 000203N

Sd/-
(R.K. Gupta)
Partner
M.No. 017039
Place : Ludhiana
Dated : 30.05.2016

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Rajesh Sharma)
CFO & CS



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT

To

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

We have audited the accompanying consolidated financial statements of **VARDHMAN INDUSTRIES LIMITED** ("the Company") and its Associate company, JSW Vallabh Tinplate Private Limited ("Associate Company"), which comprise the Consolidated Balance Sheet as at March 31, 2016 and 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 Financial Statements

The Management and the Board of Directors of the company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to 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 Company including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 financial control relevant to the Company's preparation of the consolidated financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, 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 Company as at March 31, 2016;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters:

The Consolidated Financial Statements include the Company's share of net profit of Rs. 1.55 Crores for the year ended 31st March, 2016, in respect of its associate, JSW Vallabh Tinplate Private Limited, whose financial statements are unaudited and whose Statutory Auditors is different from the auditor of parent company. These Financial Statements/ financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amount and disclosures included in respect of the associate, and our report in terms of sub-section (3) of Section 143



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statement/financial information.

Our opinion on the Consolidated financial Statements and our report on other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, it is based on the comments in the Auditors' Report of the parent company.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'A'; and
 - g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - iii. There has not been any occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

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

Place : Ludhiana
Dated : 30.05.2016

Sd/-
(R.K. Gupta)
Partner
M. No. 017039

ANNEXURE – 'A' TO INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")
We have audited the internal financial controls over financial reporting of VARDHMAN INDUSTRIES LIMITED as of 31st March 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

A company's internal financial control over financial reporting includes those policies and procedures that:

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

Other Matters

Our aforesaid reports under Section 143(3) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the associate company has been certified by the Management of the associate Company.

For RAJ GUPTA & CO.

Chartered Accountants

FRN- 000203N

Sd/-

(R.K. Gupta)

Partner

M. No. 017039

Place : Ludhiana

Dated : 30.05.2016



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

PARTICULARS	NOTE	AS AT 31.03.2016 ₹	AS AT 31.03.2015 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	7,94,76,000	7,94,76,000
(b) Reserves and Surplus	2	74,66,09,798	67,48,12,125
Non-current Liabilities			
(a) Long-term Borrowings	3	15,78,13,671	22,70,06,124
(b) Deferred Tax Liability (net)	4	11,80,26,057	12,14,32,759
(c) Other Long-term Liabilities	5	3,01,27,491	2,71,85,314
(d) Long-term Provisions	6	18,57,156	29,21,290
Current Liabilities			
(a) Short-term Borrowings	7	55,72,85,850	64,58,50,590
(b) Trade Payables	8	30,66,23,507	12,57,78,257
(c) Other Current Liabilities	9	11,24,02,793	16,09,10,171
(d) Short-term Provisions	10	1,26,55,962	54,98,638
Total		<u>2,12,28,78,285</u>	<u>2,07,08,71,268</u>
ASSETS			
Non-current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		74,75,69,086	77,59,81,821
(ii) Capital Work-in-Progress		-	59,50,575
(b) Non-current Investments	12	20,02,75,305	17,40,18,310
(c) Long-term Loans and Advances	13	83,29,693	83,31,343
Current Assets			
(a) Inventories	14	23,47,98,527	32,85,34,109
(b) Trade Receivables	15	61,67,96,430	65,12,09,870
(c) Cash and Cash Equivalents	16	3,16,40,736	2,20,05,070
(d) Short-term Loans and Advances	17	28,34,68,508	10,48,40,171
Total		<u>2,12,28,78,285</u>	<u>2,07,08,71,268</u>
Notes on Financial Statements	1 to 33		
Significant Accounting Policies	34		

As per our separate report of even date

FOR RAJ GUPTA & CO.

Chartered Accountants

FRN- 000203N

Sd/-
(R.K. Gupta)
Partner
M.No. 017039
Place : Ludhiana
Dated : 30.05.2016

For and on behalf of the Board

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Rajesh Sharma)
CFO & CS



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.03.2016 ₹	FOR THE YEAR ENDED 31.03.2015 ₹
INCOME			
Revenue from Operations		2,61,56,85,783	3,04,85,82,639
Less : Excise Duty		16,43,25,530	21,52,59,202
Net revenue from operations	18	2,45,13,60,253	2,83,33,23,437
Other Operating Income	19	1,20,000	1,20,000
Total Revenue		2,45,14,80,253	2,83,34,43,437
EXPENSES			
Cost of Materials Consumed	20	2,02,66,77,283	2,42,16,92,870
Changes in inventories of finished goods and Work-in-Progress	21	12,81,23,758	7,59,52,505
Employee Benefit Expense	22	3,24,58,026	5,19,92,883
Finance Costs	23	5,57,47,919	5,82,07,352
Depreciation and Amortization Expense	11	5,86,26,212	7,05,70,152
Other Expenses	24	9,97,69,111	12,99,99,119
Total Expenses		2,40,14,02,309	2,80,84,14,881
PROFIT BEFORE TAX		5,00,77,944	2,50,28,556
Less: Exceptional Items		-	-
Profit after Exceptional items		5,00,77,944	2,50,28,556
Less: Tax Expense:			
- Current Tax		1,23,17,000	50,15,912
- Less: MAT Credit Entitlement		59,42,291	50,15,912
Net Current Tax		63,74,709	-
Less Deferred Tax		(34,06,703)	(99,92,381)
PROFIT AFTER TAX BUT BEFORE SHARE OF PROFIT OF ASSOCIATE		4,71,09,938	3,50,20,937
Add: Share of Profit/(Loss) from Associate		1,54,76,995	(1,35,87,334)
PROFIT FOR THE YEAR		6,25,86,933	2,14,33,603
Earning per equity share:			
Basic and Diluted	25	7.93	2.71
Notes on Financial Statements	1 to 33		
Significant Accounting Policies	34		

As per our separate report of even date

For and on behalf of the Board

FOR RAJ GUPTA & CO.

Chartered Accountants
FRN- 000203N

Sd/-
(R.K. Gupta)
Partner
M.No. 017039
Place : Ludhiana
Dated : 30.05.2016

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Rajesh Sharma)
CFO & CS



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	CURRENT YEAR 2015-16 ₹	PREVIOUS YEAR 2014-15 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax & Exceptional Items	5,00,77,944	2,50,28,556
Adjustment for :		
Depreciation	5,86,26,212	7,05,70,152
Profit on sale of Investments	-	(1,27,11,597)
Amounts written back	(98,442)	5,44,489
Finance Costs	5,57,47,919	5,82,07,352
Operating Profit before Working Capital Changes	16,43,53,633	14,16,38,951
Adjustment for		
Trade and other Receivables	(14,47,45,839)	37,39,91,211
Inventories	9,37,35,582	9,77,86,831
Trade and other Payables	13,94,95,196	(25,70,77,596)
Cash Flow from operations	25,28,38,571	35,63,39,398
Direct Taxes	(57,43,670)	(67,60,658)
Net Cash Flow from Operating Activities	24,70,94,901	34,95,78,740
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Payments for Capital Goods	(2,42,62,907)	(6,42,58,392)
Purchase of Investments	(1,07,80,000)	(28,42,06,047)
Sales of Investments	-	30,00,00,000
Net Cash Flow in Investing Activities	(3,50,42,907)	(4,84,64,439)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Finance Costs	(5,57,47,919)	(5,82,07,352)
Dividend paid/Reversed	78,95,200	(78,95,200)
Corporate Dividend Tax	13,15,540	(13,15,540)
Movement in Long-term Borrowings	(6,73,14,410)	(15,48,90,574)
Movement in Working Capital Borrowings	(8,85,64,740)	(9,52,92,526)
Net Cash Flow from Financing Activities	(20,24,16,329)	(31,76,01,192)
Net Change in Cash & Cash Equivalents (A+B+C)	96,35,666	(1,64,86,892)
Cash & Cash Equivalents at the beginning of the year	2,20,05,070	3,84,91,962
Cash & Cash Equivalents at the end of the year	3,16,40,736	2,20,05,070

Note :

1. Previous year's figures have been regrouped/rearranged wherever considered necessary, to make them comparable with current year's figures.
2. Figures in brackets represent payments.

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

For and on behalf of the Board

Sd/-
(R.K. Gupta)
 Partner
 M.No. 017039
 Place : Ludhiana
 Dated : 30.05.2016

Sd/-
(Kapil Kumar Jain)
 Chairman

Sd/-
(Rahul Jain)
 Managing Director

Sd/-
(Rajesh Sharma)
 CFO & CS



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS AS AT 31.03.2016 AS AT 31.03.2015
₹ ₹

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 31.03.2016		As at 31.03.2015	
	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
Ms. Shweta Jain	4,46,400	5.65	4,46,400	5.65

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: (B) **5,64,83,707** 5,64,83,707

Statement of Profit and Loss

As at Commencement of the Year **59,85,90,418** 64,47,88,788

Less: Adjustment relating to fixed assets - 5,84,21,233

Add: Proposed dividend & CDT received back **92,10,740** -

Add: Profit for the year **6,25,86,933** 2,14,33,603

67,03,88,091 60,78,01,158

Less: Appropriations

Proposed Dividend on Equity Shares - 78,95,200

Corporate Dividend Tax - 13,15,540

(C) **67,03,88,091** 59,85,90,418

Total (A+B+C) **74,66,09,798** 67,48,12,125



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2016	AS AT 31.03.2015
	₹	₹
Note : 3 LONG-TERM BORROWINGS		
Secured Loans		
Term Loans from Banks:		
IDBI Bank Limited	3,27,53,101	5,87,53,100
State Bank of India	18,85,74,000	24,36,81,522
Buyer's Credit -IDBI Bank LTD-\$ 210000	1,39,29,909	1,34,29,500
	23,52,57,010	31,58,64,122
Less: Instalments due within 12 months	7,81,20,000	9,24,60,000
	15,71,37,010	22,34,04,122
Vehicle Loans from Banks:		
Oriental Bank Of Commerce	35,55,944	58,50,710
BMW India Financial Services	6,37,094	12,01,424
ICICI Bank Limited	-	70,514
ICICI Bank Limited	-	42,309
Kotak Mahindra Prime Ltd.[SWIFT]	18,766	1,58,253
Kotak Mahindra Prime Ltd.[COROLLA]	64,413	5,39,197
	42,76,217	78,62,408
Less: Instalments due within 12 months	35,99,556	42,60,406
	6,76,661	36,02,002
Total	15,78,13,671	22,70,06,124
3.1 Term loans are secured by first charge on the Block of assets of Company and personally guaranteed by three directors of the company.		
Terms of Repayment:		
In case of SBI Term loan Instalments are payable upto 2019-20.		
In case of IDBI Term loan instalments are payable upto 2018-19.		
In case of Oriental Bank of commerce vehicle loan instalments payable upto 2017-18.		
In case of kotak Mahindera Prime & BMW India Financials vehicle loan instalments payable upto 2016-17		
Note : 4 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Relating to Fixed Assets	11,80,26,057	12,14,32,759
Total	11,80,26,057	12,14,32,759
Note : 5 OTHER LONG TERM LIABILITIES		
Deferred Credits	2,86,03,437	2,50,12,030
Security Deposits	15,24,054	21,73,284
Total	3,01,27,491	2,71,85,314
Note : 6 LONG TERM PROVISIONS		
Gratuity	18,57,156	29,21,290
Total	18,57,156	29,21,290



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS		AS AT 31.03.2016	AS AT 31.03.2015
		₹	₹
Note : 7 SHORT TERM BORROWINGS			
Secured Loans			
Working Capital Loans from State Bank of India		41,50,77,300	60,32,19,206
Working Capital Loans from IDBI Bank Limited		14,22,08,550	4,26,31,384
Total		55,72,85,850	64,58,50,590
7.1	Working capital loans from banks are primarily secured by hypothecation of Stocks, Book Debts and entire present and future tangible current assets of the company. It is collaterally secured by mortgage of immovable properties of the company and personally guaranteed by three directors of the company. It is further secured by second charge on block of assets of the company.		
Note: 8 TRADE PAYABLES			
Sundry Creditors		30,66,23,507	12,57,78,257
Total		30,66,23,507	12,57,78,257
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-TL		7,81,20,000	9,24,60,000
Current Maturity of Long-term Debt-VL		35,99,556	42,60,406
Duties & Taxes Payable		17,08,249	36,10,910
Other Current Liabilities		2,24,28,939	3,80,22,185
Advance Received from Customers		29,84,689	38,50,367
Cheques issued but not presented for payment		35,61,360	1,87,06,303
Total		11,24,02,793	16,09,10,171
Note : 10 SHORT-TERM PROVISIONS			
Provision For contribution to PF, ESI etc.		3,38,962	4,82,726
Provision for tax		1,23,17,000	50,15,912
Total		1,26,55,962	54,98,638
Note : 11 FIXED ASSETS			
Tangible Assets		1,33,62,35,189	1,30,97,88,279
Capital Work-in-Progress		-	59,50,575
Accumulated Depreciation Provision on Tangible Assets		(58,86,66,102)	(53,38,06,458)
Total		74,75,69,086	78,19,32,396

SCHEDULE OF FIXED ASSETS & DEPRECIATION

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	As At 01.04.2015	Additions	Sales/adjust- ments	As At 31.03.2016	As At 01.04.2015	For the Year	Written Back	Transfer to Reserve	As At 31.3.2016	As At 31.3.2016	As At 31.3.2015
Land	1,35,20,390	24,28,800	43,02,224	1,16,46,966	-	-	-	-	1,16,46,966	1,16,46,966	1,35,20,390
Building	10,06,52,684	-	-	10,06,52,684	3,37,05,091	31,03,015	-	-	3,68,08,106	6,38,44,578	6,69,47,593
Furniture & Fixture	57,04,150	2,75,886	-	59,80,036	26,82,939	5,79,884	-	-	32,62,823	27,17,213	30,21,211
Plant and Machinery	1,14,95,16,259	3,94,54,179	1,26,24,061	1,17,63,46,377	47,60,40,644	5,08,83,609	33,15,218	-	52,36,09,035	65,27,37,342	67,34,75,615
Vehicles	4,03,94,796	23,20,320	11,05,992	4,16,09,126	2,13,77,784	40,59,704	4,51,350	-	2,49,86,138	1,66,22,988	1,90,17,012
Sub Total	1,30,97,88,279	4,44,79,185	1,80,32,277	1,33,62,35,189	53,38,06,458	5,86,26,212	37,66,568	-	58,86,66,102	74,75,69,086	77,59,81,821
Add: Opening WIP	59,50,575	-	59,50,575	-	-	-	-	-	-	-	59,50,575
Grand Total	1,31,57,38,854	4,44,79,185	2,39,82,852	1,33,62,35,189	53,38,06,458	5,86,26,212	37,66,568	-	58,86,66,102	74,75,69,086	78,19,32,396
Previous year	1,25,66,65,831	6,87,06,681	96,33,660	1,31,57,38,854	41,00,11,443	7,05,70,152	51,96,371	5,84,21,233	53,38,06,458	78,19,32,396	84,66,54,388



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2016 ₹	AS AT 31.03.2015 ₹
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	29,50,000	29,50,000
Unquoted fully paid up equity shares:		
Associated Leasing Limited 20,000 shares of face value of ₹10/- each	2,00,000	2,00,000
Vallabh Textiles Company Limited 42,50,000 shares of face value of ₹10/- each	4,25,00,000	4,25,00,000
Vallabh Steel West Pvt. Ltd. 1,07,800 (Previous year Nil) shares of face value of Rs. 100/- each	1,07,80,000	-
Investment in Associate		
JSW Vallabh Tinplate Private Limited 1,17,82,373 shares of face value of ₹10/- each	14,12,67,644	14,12,67,644
Add: Share of Profit (Net of Loss)/(Loss)	18,89,661	(1,35,87,334)
Other Investments		
Quoted fully paid up equity shares:		
SBI Infrastructure Fund 40,000 units of face value of ₹10/- each	4,00,000	4,00,000
DMC Education Limited 72,000 shares of face value of ₹5/- each	2,88,000	2,88,000
Total	<u>20,02,75,305</u>	<u>17,40,18,310</u>
Aggregate value of Quoted Investments	36,38,000	36,38,000
Market value of Quoted Investments	1,13,09,056	54,28,190
Aggregate value of Unquoted Investments	19,47,47,644	18,39,67,644
Note: The Market value of quoted Investments is based on the price prevailing in the market as on 31st March, 2016		
Note : 13 LONG-TERM LOANS & ADVANCES		
Security Deposits	83,29,693	83,31,343
Total	<u>83,29,693</u>	<u>83,31,343</u>



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2016 ₹	AS AT 31.03.2015 ₹
Note : 14 INVENTORIES		
Raw Material	6,14,23,367	6,67,86,368
Work in Progress	38,69,135	2,10,69,524
Finished Goods	8,31,19,999	17,22,32,434
Stores & Spares	4,50,95,700	4,55,85,450
Goods in Transit	4,12,90,326	2,28,60,333
Total	23,47,98,527	32,85,34,109
Note : 15 TRADE RECEIVABLES		
Debtors outstanding for a period exceeding six months		
- Considered Good	37,57,216	48,48,406
Other Debtors		
- Considered Good	61,30,39,214	64,63,61,464
Total	61,67,96,430	65,12,09,870
15.1	Balances of debtors are subject to confirmation.	
Note : 16 CASH & CASH EQUIVALENTS		
Cash in Hand	51,58,715	44,85,859
Balance with Banks:		
- Current Accounts	54,07,033	39,94,652
- Fixed Deposits With Banks	2,10,74,988	1,35,24,559
(Pledged with Banks as margin money)		
Total	3,16,40,736	2,20,05,070
16.1	Balance with banks include unpaid dividend of Rs. 17,48,217/- (Previous Year Rs. 17,58,692/-)	
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	20,32,95,276	2,16,58,462
Prepaid Expenses	33,67,836	25,69,401
Income Tax	5,29,65,213	5,22,37,456
Cheques in hand/deposited	7,50,632	7,50,000
Balances with Excise Authorities	8,55,665	1,13,33,257
MAT Credit Entitlement	2,22,33,886	1,62,91,595
Total	28,34,68,508	10,48,40,171



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS		YEAR ENDING 31.03.2016 ₹	YEAR ENDING 31.03.2015 ₹
Note : 18 NET REVENUE FROM OPERATIONS			
Turnover		2,61,56,85,783	3,04,85,82,639
Less: Excise Duty		16,43,25,530	21,52,59,202
Total		2,45,13,60,253	2,83,33,23,437
Note : 19 OTHER OPERATING INCOME			
Rent Income		1,20,000	1,20,000
Total		1,20,000	1,20,000
Note : 20 COST OF MATERIALS CONSUMED			
A) Raw Material Consumed			
Opening Stock		6,67,86,368	5,31,66,744
Purchases		2,00,94,66,605	2,42,73,71,449
		2,07,62,52,973	2,48,05,38,193
Less : Closing Stock		6,14,23,367	6,67,86,368
Raw Material Consumed	Total (A)	2,01,48,29,606	2,41,37,51,825
B) Stores, Spares Consumed			
Opening Stock		4,55,85,450	3,50,19,000
Purchases		1,13,57,927	1,85,07,495
Less: Closing Stock		4,50,95,700	4,55,85,450
Stores Material Consumed	Total (B)	1,18,47,677	79,41,045
Total cost of material consumed	Total (A)+(B)	2,02,66,77,283	2,42,16,92,870
		Year ended 31.03.2016	Year ended 31.03.2015
		Value (₹)	Value (₹)
		%age	%age
20.1 a) Raw Material Consumed			
Indigenous	1,89,20,13,798	93.90	2,38,72,98,753
Imported	12,28,15,808	6.10	2,64,53,072
	2,01,48,29,606	100.00	2,41,37,51,825
b) Stores and Spares Consumed			
Indigenous	1,18,47,677	100.00	79,41,045
Imported	-	-	-
	1,18,47,677	100.00	79,41,045



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2016 ₹	YEAR ENDING 31.03.2015 ₹
Note : 21 CHANGES IN INVENTORIES OF WORK IN PROGRESS AND FINISHED GOODS		
Opening Stock:		
Work in Progress	2,10,69,524	2,92,49,375
Finished Goods	19,50,92,767	26,28,65,421
Total (A)	<u>21,61,62,291</u>	<u>29,21,14,796</u>
Closing Stock:		
Work in Progress	38,69,135	2,10,69,524
Finished Goods	8,41,69,398	19,50,92,767
Total (B)	<u>8,80,38,533</u>	<u>21,61,62,291</u>
(A-B)	<u>12,81,23,758</u>	<u>7,59,52,505</u>
Note : 22 EMPLOYEE BENEFIT EXPENSE		
Salary, Wages, Allowances & other Benefits	2,91,30,292	4,77,28,116
Contribution to Provident and other Funds	25,70,126	29,78,555
Staff Welfare Expenses	7,57,608	12,86,212
Total	<u>3,24,58,026</u>	<u>5,19,92,883</u>
22.1 Disclosures in terms of Accounting Standard 15 'Employee Benefits':		
Reconciliation of opening and closing balances of defined benefit obligation viz Gratuity:		
Liability at the beginning of the year	29,21,290	29,73,547
Liability provided during the year	(10,64,134)	(52,257)
Liability at the end of the year	18,57,156	29,21,290
Expense recognized in Statement of Profit and Loss		
Amount paid during the year	14,13,505	1,47,861
Amount debited to Statement to Profit and Loss	3,49,371	95,604
Note : 23 FINANCE COSTS		
Interest:		
-On Term Loan	1,62,86,789	1,25,77,439
-On Working Capital	3,71,84,874	4,14,75,337
-To Others	8,606	2,46,507
Bank Charges and commission	22,67,650	39,08,069
Total	<u>5,57,47,919</u>	<u>5,82,07,352</u>
23.1 Interest expenses is net of interest received on FDRs and PSPCL security.		



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2016 ₹	YEAR ENDING 31.03.2015 ₹
Note : 24 OTHER EXPENSES		
A) Selling & Distribution Expenses		
Packing & Forwarding Charges	94,94,778	83,41,480
Rebate and Discount	1,33,60,265	57,62,934
Brokerage & Commission	5,33,790	12,92,029
Other selling expenses	50,07,261	41,83,856
Export Expenses	2,39,76,113	1,31,91,213
Advertisement	38,399	1,39,742
Total (A)	5,24,10,606	3,29,11,254
B) Operating, Administrative & Other Expenses		
Power & Fuel	1,77,53,750	3,20,54,662
Repairs & Maintenance	31,00,499	32,23,558
Other manufacturing expenses	43,57,407	4,08,16,195
Rent, Rates, Fees and Taxes	29,75,090	26,74,744
Insurance	9,52,026	8,16,118
Legal & Professional charges	14,32,318	9,26,637
Directors' Remuneration	39,81,000	30,00,000
Travelling and Conveyance		
- Directors	7,45,669	2,80,880
- Others	24,89,399	24,14,396
Payment to Auditors:		
- As Auditors	2,01,000	62,500
- For reimbursement of expenses	31,007	35,034
Postage, Telegram and Telephone	8,04,859	9,42,901
Printing & Stationery	4,24,609	3,66,135
Repairs and Maintenance		
- Building	9,57,726	3,67,197
- Vehicles	46,26,984	33,08,533
- General	3,24,400	7,16,721
Charity & Donation	1,950	5,901
CSR Expenses	-	10,55,450
Other Miscellaneous Expenses	20,38,169	27,54,014
Loss on Sale of Vehicle	1,60,643	12,66,289
Total (B)	4,73,58,505	9,70,87,865
Total (A+B)	9,97,69,111	12,99,99,119
Note : 25 EARNING PER SHARE		
Profit after Tax (Rs.)	6,25,86,933	2,14,33,603
Weighted average no.of ordinary shares	78,95,200	78,95,200
Weighted average no.of diluted shares	78,95,200	78,95,200
Nominal Value of ordinary share (Rs.)	10	10
Basic Earning Per Share (Rs.)	7.93	2.71
Diluted Earning Per Share (Rs.)	7.93	2.71
Note : 26 EARNINGS IN FOREIGN EXCHANGE		
Export of Goods on FOB basis	19,83,71,331	21,02,60,480



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2016 ₹	YEAR ENDING 31.03.2015 ₹
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Note : 27 VALUE OF IMPORTS ON CIF BASIS

Raw Material, Spare parts & components	12,28,15,808	2,64,53,073
Capital Goods	51,41,497	46,27,089
Total	12,79,57,305	3,10,80,162

Note : 28 EXPENDITURE IN FOREIGN CURRENCY

Travelling, Sales promotion & Others	1,03,976	43,68,237
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NOTE: 29 RELATED PARTY DISCLOSURES

Information related to Relating Party Transaction as per Accounting Standard-18, issued by Institute of Chartered Accountants of India is given below:

- Associate Company**
JSW Vallabh Tinplate Pvt. Ltd.
- Subsidiary Company**
Nil
- Other Related Parties**
Vallabh Textiles Company Limited
- Key Management Personnel**
Mr. Kapil Kumar Jain, Mr. Rahul Jain, Mr. Rajesh Sharma
- Relatives of Key Management Personnel**
Mrs. Megha Jain, Mrs. Lata Jain
- Transaction with Associate/ Other Related Parties/ Key Management Personnel (KMP) and their Relatives during the year:**

Name of the party	Nature of Relationship	Nature of Transactions	Current Year (Amt. in Rs.)
JSW Vallabh Tinplate Pvt. Ltd.	Associate company	Sale	17,41,76,540
		Reimbursement of expenses paid by JSW VTPL	15,17,070
		Purchase of fixed assets	23,17,122
		Expenses incurred on behalf of JSW VTPL purchase	96,93,910
Vallabh Textiles Company Limited	Other Related Party	Sale	66,564
		Purchase	19,61,543
Mr. Rahul Jain	KMP (MD)	Remuneration	1,257
Mr. Rajesh Sharma	KMP (CFO, CS)	Remuneration	28,21,047
Mrs. Lata Jain	Relatives of KMP	Salary	16,50,000
Mrs. Megha Jain	Relatives of KMP	Rent	24,00,000
		Salary	3,00,000
			18,00,000

Note: 30 SEGMENT REPORTING

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

Note: 31 CONTINGENT LIABILITIES NOT PROVIDED FOR

Letters of Credit	9,27,59,000	10,88,00,000
Corporate Guarantee	5,25,000	6,50,000

31.1 Since Audited Financial Result of Associate company are not available, hence we are not able to ascertain our share of contingent liability.

Note:32 Previous year's figures have been regrouped/rearranged wherever considered necessary, to make them comparable with current year's figures.



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

Note: 33 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF THE ENTERPRISES CONSOLIDATED AS SUBSIDIARY/ ASSOCIATES/JOINT VENTURES

Particulars	Net Assets, i.e., total assets minus total liabilities		Share in Profit or Loss	
	As% of consolidated net assets	Amount	As% of consolidated net Profit/Loss	Amount
Parent: Vardhman industries Limited	99.77	8,241.96	75.27	471.10
Associates: JSW Vallabh Tinplate Private Limited	19.13	1,580.21	24.73	154.77

Note : 34 (A) PRINCIPLES OF CONSOLIDATION:

The Consolidated Financial Statements relate to Vardhman Industries Limited (the Company) and the Company's share of profit in its Associate. The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of an Associate used in the consolidation are drawn upto the same reporting date as that of the Company i.e. 31st March, 2016.
- The Consolidated Financial Statements include the share of profit of an Associate company which have been accounted for using equity method as per Accounting Standard (AS) 23 accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit of the Associate Company has been added to the cost of investments.
- The difference between the cost of investments in the Associate and the share of net assets at the time of acquisition of shares in the Associate is identified in the Consolidated Financial statements as Goodwill or Capital Reserve as the case may be.
- Following Associate has been considered in the preparation of the Consolidated Financial Statements:

Name of the Entity	Relationship	Country of Incorporation	% of Holding and Voting Powers
JSW Vallabh Tinplate Private Limited	Associate	India	23.55 %

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

(B) SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention

The financial statements, other than the Cash Flow Statement, are prepared under the historical cost convention, treating the entity as a going concern and in accordance with the applicable accounting standards and relevant provisions of the Companies Act, 2013.

b) Revenue Recognition

Revenue from domestic sale of goods is recognized at the time of dispatch of goods from the factory. Sales are exclusive of VAT and CST. Export sales are booked on the basis of the date of Bill of Lading.



c) Fixed Assets

Fixed Assets are stated at cost, net of taxes and duties subsequently recoverable from government authorities less accumulated depreciation and impairment loss, if any. Government grants relating to specific fixed assets are treated as deferred income, which is recognized in the Statement of Profit and Loss on a systematic basis over the useful life of the asset.

All costs attributable to bringing the asset to its working condition for its intended use, including financing costs till commencement of commercial production and charges on foreign exchange contracts and adjustments arising out of exchange rate variations attributable to the fixed assets are capitalized.

d) Depreciation

Pursuant to the enactment of the companies Act 2013, the Company has applied the estimated useful lives as specified in schedule II. Accordingly the unamortized carrying value is being depreciated over the revised/remaining useful lives.

e) Inventories

Inventories are valued at cost or net realizable value, whichever is lower. Raw Material and stores are valued at cost determined on a weighted average basis. Work in process is valued at cost plus an appropriate share of overheads depending upon the stage of completion. Finished Goods are valued taking into account the raw material cost, conversion cost and the overheads incurred to bring the goods to their present location and condition.

f) Foreign Exchange Transactions

Foreign Currency transactions are accounted for at exchange rate prevailing on the date of transaction. Premium on forward cover contracts in respect of import of raw materials is charged to the Statement of Profit and Loss over the period of contract. Amounts payable and receivable in foreign currency at the Balance Sheet date, not covered by forward contracts, are restated at the applicable exchange rate prevailing on the date of the Balance Sheet. All exchange differences, if any, arising on revenue transactions are charged/credited to the Statement of Profit and Loss.

g) Taxation

Provision for current tax is made in accordance with the provisions of the Income Tax law applicable for the relevant year. Deferred tax asset/liability is created in accordance with the requirements of Accounting Standard 22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India. Deferred Tax Asset is created only to the extent there is virtual certainty that future taxable income will be available against which such deferred tax asset can be realized.

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 Accountants of India, MAT credit is recognized as an asset only to the extent there is a convincing evidence that the company will be paying regular income tax during the specified period.

h) Employee Benefits

(a) Short-Term Employee benefits

Employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits and are recognized in the period in which the employee renders the related services.



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

(b) Post-employment benefits

Defined benefits Plans:

The employee gratuity scheme is a defined benefit plan. 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.

The liability on account of compensated absences i.e. leave with wages is accounted for on the basis of unutilized leave standing to the credit of the employee at the close of the year

Defined contribution Plans.

Contributions to the employees' provident fund, which is a defined contribution plan, are recognized as expense in the period in which the employee has rendered the services.

i) Provisions and contingencies

Provision is recognized in the balance sheet when, the company has a present obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made. A disclosure by way of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognized nor disclosed in the financial statements.

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

For and on behalf of the Board

Sd/-
(R.K. Gupta)
Partner
M.No. 017039
Place : Ludhiana
Dated : 30.05.2016

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Rajesh Sharma)
CFO & CS



VARDHMAN INDUSTRIES LIMITED

Registered Office: 1309, 13th Floor, Vikram Tower, Rajendra Place, New Delhi-110 008 (India)
 Contact: +91-11-25743060, 25742403, Fax: +91-11-25742403, CIN: L74899DL1984PLC019492
 Administrative Office: G.T. Road, Village Pawa, Sahnewal, Ludhiana-141120, Punjab (India)
 Contact: +91-161-2511412~13, Fax: +91-161-2511414, Website: www.vallabhgroup.com

ATTENDANCE SLIP

I/We hereby record my/our presence at the 32nd Annual General Meeting held on Friday, the 30th September, 2016 at 1.00 P.M. at AF 1 & 2, First Floor, 2, Jaisav Place, 5006, Hamdard Marg, Hauz Qazi, Delhi-110 006.

Name of the member(s):
 DP ID*:
 Client ID*:

Registered Address:
 Folio No. :
 No. of Share(s) held:

Sr. No.	Resolution	I/We assent to the Resolution	I/We dissent to the Resolution
		For**	Against**
Ordinary Business:			
1.	To receive, consider and adopt Standalone and Consolidated Audited Financial Statements, Reports of the Board of Directors and Auditors for the financial year ended 31st March, 2016.		
2.	To appoint a Director in place of Mr. Rahul Jain, who retires from the office by rotation and being eligible, offers himself for re-appointment as Director of the Company.		
3.	To ratify the appointment of M/s. Raj Gupta & Co. Chartered Accountants, (FRN: 000203N) as the Statutory Auditors and to fix their remuneration.		
Special Business:			
4.	To consider and approve the re-appointment and remuneration of Mr. Rahul Jain as Managing Director of the Company.		
5.	To consider and ratify the Remuneration of Cost Auditors of the Company for the financial year ending 31st March, 2017.		
6.	To consider and approve the appointment of the Secretarial Auditors of the Company for the financial year 2016-17.		

(SIGNATURE OF SHAREHOLDER/PROXYHOLDER)_____

Notes:

- (i) Members/Proxy holders 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.

*Applicable for investors holding shares in electronic form.

** Please tick anyone.



VARDHMAN INDUSTRIES LIMITED

Registered Office: 1309, 13th Floor, Vikram Tower, Rajendra Place, New Delhi-110 008 (India)
 Contact: +91-11-25743060, 25742403, Fax: +91-11-25742403, CIN: L74899DL1984PLC019492
 Administrative Office: G.T. Road, Village Pawa, Sahnewal, Ludhiana-141120, Punjab (India)
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Form No. MGT-11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules 2014)

Name of the member(s): _____ Registered Address: _____
 DP ID*: _____ Folio No. : _____
 Client ID*: _____ No. of Share(s) held: _____

I/We, being the member/members of **VARDHMAN INDUSTRIES LIMITED**, hereby appoint:

1. Name _____ 2. Name _____ 3. Name _____
 Address _____ Address _____ Address _____
 E-mail id _____ E-mail id _____ E-mail id _____
 Signature _____ or failing him/her Signature _____ or failing him/her Signature _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 32nd Annual General Meeting (AGM) of the Company to be held on Friday, the 30th September, 2016 at 1.00 P.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution	I/We assent to	I/We dissent to
		the Resolution	the Resolution
		For**	Against**
Ordinary Business:			
1.	To receive, consider and adopt Standalone and Consolidated Audited Financial Statements, Reports of the Board of Directors and Auditors for the financial year ended 31st March, 2016.		
2.	To appoint a Director in place of Mr. Rahul Jain, who retires from the office by rotation and being eligible, offers himself for re-appointment as Director of the Company.		
3.	To ratify the appointment of M/s. Raj Gupta & Co. Chartered Accountants, (FRN: 000203N) as the Statutory Auditors and to fix their remuneration.		
Special Business:			
4.	To consider and approve the re-appointment and remuneration of Mr. Rahul Jain as Managing Director of the Company.		
5.	To consider and ratify the Remuneration of Cost Auditors of the Company for the financial year ending 31st March, 2017.		
6.	To consider and approve the appointment of the Secretarial Auditors of the Company for the financial year 2016-17.		

Signed this ____ day of _____, 2016.

Signature of Shareholder

Affix Revenue Stamp

Signature of first Proxy holder

Signature of Second Proxy holder

Signature of Third Proxy holder

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 Re. 1/- should reach the Company's Regd. Office at least 48 hours before the scheduled time of the meeting.

*Applicable for investors holding shares in electronic form.

** Please tick anyone.

VENUE OF 32ND AGM OF VARDHMAN INDUSTRIES LIMITED

AT

AF-1 & 2, First Floor, 2, Jaisav Place, 5006, Hamdard Marg, Hauz Qazi, Delhi-110 006

1:00 P.M., 30/09/2016

