

47th Annual Report 2010-11



Vardhman

VARDHMAN HOLDINGS LIMITED

BOARD OF DIRECTORS

1. MR. SHRI PAUL OSWAL
– *Chairman*
2. MR. CHAMAN LAL JAIN
3. MR. JAGDISH RAI SINGAL
4. MR. SURINDER SINGH BAGAI
5. MR. SAT PAL KANWAR
6. MR. BAL KRISHAN ARORA
7. MR. SACHIT JAIN
8. MRS. SUCHITA JAIN
9. MRS. SHAKUN OSWAL
10. MR. O.P. SHARMA

AUDITORS

M/S. S.C. VASUDEVA & CO.

REGISTRAR AND TRANSFER AGENT

M/S. ALANKIT ASSIGNMENTS LIMITED

REGISTERED OFFICE

Chandigarh Road, Ludhiana-141 010

Phones : (0161) 2228943-48

Fax : (0161) 2222616, 2601048 & 2602710

Website : www.vardhman.in

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**NOTICE**

NOTICE is hereby given that the FORTY-SEVENTH ANNUAL GENERAL MEETING of the members of the Company will be held on Saturday, the 23rd day of July, 2011 at 5.00 p.m. at the Registered Office of the Company situated at Chandigarh Road, Ludhiana, to transact the following business :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, Profit and Loss Account for the year ended on that date, together with Report of Auditors and Directors thereon.
2. To declare Dividend.
3. a) To appoint a Director in place of Mrs. Shakun Oswal, who retires by rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible, offers herself for re-appointment.
b) To appoint a Director in place of Mrs. Suchita Jain, who retires by rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible, offers herself for re-appointment.
c) To appoint a Director in place of Mr. Sachit Jain, who retires by rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2011-12 and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mrs. Shakun Oswal, be and is hereby appointed as an Executive Director of the Company for a period of five years w.e.f. 1st June, 2011 on a remuneration as detailed below :-

I) BASIC SALARY	Rs. 75,000/- p.m.
II) SPECIAL ALLOWANCE	Rs. 25,000/- p.m
III) PERQUISITES	The following perquisites shall be allowed in addition to basic salary and special allowance:

- | | |
|--------------------|---|
| a) Car & Telephone | Free use of Company's car for official work as well as for personal purposes along with driver and telephone at Company's cost. |
| b) Club fee | Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees. |

RESOLVED FURTHER THAT Mr. S. P. Oswal, Chairman, be and is hereby authorised to execute an agreement on behalf of the Company with Mrs. Shakun Oswal subject to such changes and modifications as may be agreed to by the Board of Directors and Mrs. Shakun Oswal."

By Order of the Board

Place : Ludhiana
Dated : 21st May, 2011

Sd/-
(S.P. OSWAL)
Chairman

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking appointment/re-appointment in the Annual General Meeting as proposed in Item Nos. 3(a), 3(b), 3(c) and 5 of the Notice is also being annexed hereto separately and forms part of the Notice.
3. **The Register of Members and Share Transfer Books of the Company shall remain closed from 12th July, 2011 to 23rd July, 2011 (Both days inclusive).**
4. The Dividend declared, if any, will be paid to those members whose names appear in the Register of Members

NOTICE

of the Company as on the date of Annual General Meeting i.e. 23rd July, 2011. However, in respect of the shares held in electronic form, dividend will be paid on the basis of beneficial ownership as at the end of the 11th July, 2011, as per details furnished by Depositories for this purpose.

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

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

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

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO. 5 OF THE SPECIAL BUSINESS:

The Board of Directors of the Company in their meeting held on 21st May, 2011 had appointed Mrs. Shakun Oswal, Director of the Company, as an Executive Director of the Company for a period of five years w.e.f. 1st June, 2011 on such remuneration and other terms and conditions as mentioned in the resolution. Her appointment is subject to the approval of the Members. Accordingly, your approval is solicited.

Memorandum of interest

Except Mr. S.P. Oswal, Mr. Sachit Jain, Mrs. Suchita Jain, Mr. C.L. Jain and the appointee herself, none of the Directors are interested or concerned in the appointment.

By Order of the Board

Place : Ludhiana
Dated : 21st May, 2011

Sd/
(S.P. OSWAL)
Chairman



Vardhman

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

Name of the Director	Mrs. Shakun Oswal	Mrs. Suchita Jain	Mr. Sachit Jain
Date of Birth	18.08.1946	21.03.1968	08.07.1966
Date of Appointment	23.07.2005	30.03.2005	30.03.2005
Qualification	B.A.	M.Com.	B. Tech., M.B.A. (Gold Medalist)
Expertise in specific functional area	Investment Activities	More than 18 years experience in Textile Industry	Business Executive having rich experience of about 20 years in Textile Industry
Directorships in other companies	<ol style="list-style-type: none"> 1. Adinath Investment & Trading Company 2. Devakar Trading & Investment Company Pvt. Ltd. 3. Anklesh Investments (P) Ltd. 4. Srestha Holdings Limited 5. Mahavir Spinning Mills Pvt. Ltd. 6. Santon Finance & Investment Company Limited 7. Flamingo Finance & Investment Company Limited 8. Ramaniya Finance & Investment Company Limited 9. Marshall Investment & Trading Company Pvt. Ltd. 10. Pradeep Mercantile Company Pvt. Ltd. 11. Plaza Trading Company Pvt. Ltd. 12. Syracuse Investment & Trading Company Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Vardhman Textiles Limited 2. Vardhman Special Steels Limited 3. Syracuse Investment & Trading Company Pvt. Ltd. 4. Srestha Holdings Limited 5. Anklesh Investments (P) Ltd. 6. Pradeep Mercantile Company Pvt. Ltd. 7. Plaza Trading Company Private Limited 8. Santon Finance & Investment Company Limited 9. Flamingo Finance & Investment Company Limited 10. Ramaniya Finance & Investment Company Limited 11. Marshall Investment & Trading Company Private Limited 12. Vardhman Spinning & General Mills Limited 	<ol style="list-style-type: none"> 1. Vardhman Textiles Limited 2. Vardhman Special Steels Limited 3. Vardhman Acrylics Limited 4. Vardhman Apparels Limited 5. Vardhman Yarns & Threads Limited 6. Vardhman Spinning & General Mills Limited 7. Syracuse Investment & Trading Company (P) Limited 8. Adinath Investment & Trading Company 9. Devakar Investment & Trading Company (P) Limited 10. Mahavir Spinning Mills Private Limited 11. Srestha Holdings Limited 12. Anklesh Investments (P) Limited 13. Pradeep Mercantile Company (P) Limited 14. Plaza Trading Company Private Limited 15. Marshall Investment & Trading Company (P) Limited 16. Santon Finance and Investment Company Limited 17. Flamingo Finance & Investment Company Limited 18. Ramaniya Finance & Investment Company Limited 19. VTL Investments Limited 20. Vardhman Nisshinbo Garments Company Limited 21. UTI Asset Management Company Limited
Chairmanships/ Committee memberships of other companies	Nil	Nil	<ol style="list-style-type: none"> 1. Chairman of Audit Committee of Vardhman Yarns & Threads Limited 2. Member of Investor Grievance Committee of Vardhman Textiles Limited 3. Chairman of Audit Committee of Vardhman Nisshinbo Garments Company Limited 4. Member of Audit Committee of UTI Asset Management Company Limited
Number of shares held	19,084	27,101	2,330
Relationship with other Directors	Related to Mr. Shri Paul Oswal, Mr. Sachit Jain, Mrs. Suchita Jain and Mr. Chaman Lal Jain	Related to Mr. Shri Paul Oswal, Mr. Sachit Jain and Mrs. Shakun Oswal	Related to Mr. Shri Paul Oswal, Mrs. Shakun Oswal and Mrs. Suchita Jain

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 47th Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS :

The financial results for the year are as under : -

PARTICULARS	(Amount in Rs.)	
	2010-11	2009-10
Income from Operations	93,032,683	85,734,976
Other Income	8,521,004	10,148,281
Profit before Depreciation, Interest and Tax (PBDIT)	82,768,482	86,075,130
Interest and Financial Expenses	544,274	258,178
Profit before Depreciation & Tax (PBDT)	82,224,208	85,816,952
Depreciation	302,861	235,398
Profit before Tax (PBT)	81,921,347	85,581,554
Provision for		
- Current Tax	11,300,000	12,400,000
Profit after Tax (PAT)	70,621,347	73,181,554
Balance brought forward	126,017,126	87,778,792
Balance available for appropriations	196,638,473	160,960,346
Appropriations:		
Proposed Dividend on Equity Shares	7,978,840	6,383,072
Corporate Dividend Tax on Proposed Dividend	1,294,367	1,060,148
Transfer to General Reserve	10,000,000	10,000,000
Transfer to Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	17,500,000	17,500,000
Balance carried to Balance Sheet	159,865,266	126,017,126
	<u>196,638,473</u>	<u>160,960,346</u>
Earnings per Share (Rs.)	22.13	22.93
Dividend per Share (Rs.)	2.50	2.00

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

a. FINANCIAL ANALYSIS :

During the year, the Income from operations was Rs. 93,032,683 as against Rs. 85,734,976 in the previous year. The Company earned other income of Rs. 8,521,004 during the year as against Rs. 10,148,281 last year. The Company earned profit before depreciation, interest and tax of Rs. 82,768,482 as against Rs. 86,075,130 in the previous year. After providing for interest and financial expenses of Rs. 544,274 (Previous Year Rs. 258,178), depreciation of Rs. 302,861 (Previous Year Rs. 235,398), current tax of Rs. 11,300,000 (Previous Year Rs. 12,400,000), the profit after tax was Rs. 70,621,347 as against Rs. 73,181,554 last year.

The balance available for appropriation after adding balance in surplus account is Rs. 196,638,473. Out of this, a sum of Rs. 7,978,840 and Rs. 1,294,367 respectively have been appropriated towards proposed dividend and corporate dividend tax thereon, Rs. 10,000,000 is proposed to be transferred to general reserve, Rs. 17,500,000 is proposed to be transferred to special reserve and the balance of Rs. 159,865,266 is proposed to be carried as surplus to the balance sheet.

b. RESOURCE UTILISATION :

FIXED ASSETS :

The gross fixed assets as at 31st March, 2011 were Rs. 14,960,720 as against previous year's gross fixed assets of Rs. 14,775,452. During the year, there were no additions of fixed assets (Previous Year Rs. 8,808,724).

CURRENT ASSETS :

The net current assets as on 31st March, 2011 were Rs. 7,020,561 as against Rs. 138,400,664 in the previous year.

c. FINANCIAL CONDITIONS AND LIQUIDITY :

Management believes that the Company's liquidity and capital resources are sufficient to meet its expected working capital needs and other anticipated cash requirements. The position of liquidity and capital resources of the Company is given below: -

	(Amount in Rs.)	
	2010-11	2009-10
Cash and Cash Equivalents:		
Beginning of the Year	62,557,363	2,755,445
End of the Year	1,736,076	62,557,363
Net Cash provided/(used) by:		
Operating Activities	127,566,364	14,154,624
Investing Activities	(180,942,046)	53,025,189
Financing Activities	(7,445,605)	(7,377,895)

d. INTERNAL CONTROL SYSTEM :

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor the working of internal control system. Internal audit in the organization is an independent appraisal activity and all significant issues are brought to the attention of the Audit Committee of the Board.

e. MANAGEMENT PERCEPTION OF RISK AND CONCERNS:

The Company is prone to all the financial risks and capital market fluctuations.

f. HUMAN RESOURCES/INDUSTRIAL RELATIONS:

The Company is not carrying on any manufacturing activity and no workers were employed during the year.

**3. PUBLIC DEPOSITS:**

The Company has not accepted and does not intend to accept any deposits from the public. As at 31st March, 2011, there are no outstanding/unclaimed deposits from the public.

4. DIVIDEND:

The Board of Directors of your Company is pleased to recommend a dividend of Rs. 2.50 per share on the fully paid-up equity shares of the Company.

5. DIRECTORS:

Mrs. Shakun Oswal, Mrs. Suchita Jain and Mr. Sachit Jain, Directors of your Company, retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Mrs. Shakun Oswal has been appointed as an Executive Director of the Company w.e.f. 1st June, 2011.

6. CORPORATE GOVERNANCE:

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

7. COMPLIANCE CERTIFICATE:

The Compliance Certificate for the year ended 31st March, 2011 as given by M/s. B.K. Gupta & Associates, Company Secretaries in practice, is annexed hereto and forms part of the Directors' Report.

8. AUDITORS:

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

9. AUDITORS' REPORT:

The Auditors' Report on the Accounts of the Company for the year under review is self-explanatory and requires no comments.

10. STATEMENT OF PARTICULARS OF EMPLOYEES:

During the year, no employee of the Company received a salary of more than Rs. 60.00 lac. per annum or Rs. 5.00 lac. per month. Accordingly, no particulars of employees are to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956.

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

Particulars with respect to conservation of energy and other areas as per Section 217(1)(e) of the Companies

Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are Nil.

12. GROUP:

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

- a) Vardhman Textiles Limited
- b) VTL Investments Limited
- c) Adinath Investment and Trading Company
- d) Devakar Investment and Trading Company Private Limited
- e) Vardhman Special Steels Limited

13. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that -

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) Appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profits of the Company for the year ended on 31st March, 2011;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The annual accounts have been prepared on a going concern basis.

14. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government and Business Constituents for their valuable co-operation and support to the Company.

For and on behalf of the Board

Place : Ludhiana
Dated: 21st May, 2011

(S.P. OSWAL)
Chairman

CORPORATE GOVERNANCE REPORT

This Report on Corporate Governance forms part of the Annual Report. This section besides being in compliance of the provisions of Listing Agreement gives an insight into the process of functioning of the Company. The Company is committed to transparency and business ethics in discharge of its corporate responsibilities.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company's philosophy on corporate governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders. The Company believes that all its actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

2. BOARD OF DIRECTORS :

(a) Board Meetings :

During the financial year 2010-11, four Board Meetings were held on 6th May, 2010, 4th August, 2010, 30th October, 2010 and 12th February, 2011.

(b) Composition :

As at 31st March, 2011, the Board of Directors comprised of ten Directors, with Mr. Shri Paul Oswal as the Chairman of the Board of Directors. Out of the total strength of ten Directors, five Directors were independent and this met the stipulated requirement.

The composition, attendance and Directorships/Committee Memberships of the Board of Directors of the Company during the financial year 2010-11 is given as follows :-

Name of Director	Designation and Category	Number of Board Meetings attended	Attendance at last Annual General Meeting	Directorships in other public companies	Other Committee Memberships	Board Chairmanships in other companies	Committee Chairmanships in other companies
Mr. Shri Paul Oswal	Non-Executive Chairman, Non Independent	2	No	11	-	6	-
Mrs. Shakun Oswal	Non-Executive Director, Non Independent	3	Yes	5	-	-	-
Mr. Sachit Jain	Non-Executive Director, Non Independent	2	Yes	13	4	1	2
Mrs. Suchita Jain	Non-Executive Director, Non Independent	3	No	7	-	-	-
Mr. Chaman Lal Jain	Non-Executive Director Non Independent	3	No	-	-	-	-
Mr. Bal Krishan Arora	Non-Executive, Independent Director	4	Yes	-	-	-	-
Mr. Surinder Singh Bagai	Non-Executive, Independent Director	-	No	2	1	-	1
Mr. Jagdish Rai Singal	Non-Executive, Independent Director	2	No	4	-	-	-
Mr. Om Parkash Sharma	Non-Executive, Independent Director	3	No	-	-	-	-
Mr. Sat Pal Kanwar	Non-Executive, Independent Director	4	No	-	-	-	-

Notes :

- i) Mr. Shri Paul Oswal, Mrs. Shakun Oswal, Mr. Sachit Jain and Mrs. Suchita Jain are related to one another. Mrs. Shakun Oswal and Mr. Chaman Lal Jain are related to each other. No other Director of the Company is related to any other Director of the Company.

**3. AUDIT COMMITTEE:**

The Audit Committee comprises of three Directors viz. Mr. Bal Krishan Arora, Mr. Sat Pal Kanwar and Mr. O.P. Sharma. Mr. Bal Krishan Arora is the Chairman of the Audit Committee. All members of the Audit Committee are financially literate and one of the members, has accounting/financial management expertise. The terms of reference of the Audit Committee are as contained in Corporate Governance Clause of the Listing Agreement.

The Audit Committee met four times during the financial year 2010-11 on 6th May, 2010, 4th August, 2010, 30th October, 2010 and 12th February, 2011.

The attendance of the members of the Audit Committee during the financial year 2010-11 is given below:-

Committee Members	Category	Number of Audit Committee Meetings Attended
Mr. Bal Krishan Arora	Non-Executive, Independent Director	4
Mr. Sat Pal Kanwar	Non-Executive, Independent Director	4
Mr. Om Parkash Sharma	Non-Executive, Independent Director	3

4. DIRECTORS' REMUNERATION AND SHAREHOLDING:**a) Remuneration:**

The Company did not have any Executive Director in the financial year 2010-11 and Non-Executive Directors have not been paid any remuneration except sitting fee for attending Board and Committee Meetings. The details of sitting fee paid to the Directors during the financial year 2010-11 are given hereunder: -

S. No.	Name of Director	Sitting Fee (Rs.)
1.	Mr. Chaman Lal Jain	21,000
2.	Mr. Surinder Singh Bagai	-
3.	Mr. Jagdish Rai Singal	8,000
4.	Mr. Om Parkash Sharma	21,000
5.	Mr. Bal Krishan Arora	34,000
6.	Mr. Sat Pal Kanwar	37,000

b) Shareholding:

The shareholding of the Directors in the equity share capital of the Company as at 31st March, 2011 is given as follows:-

S. No.	Name of Director	Number of Shares held	S. No.	Name of Director	Number of Shares held
1.	Mr. Shri Paul Oswal	58,195	6.	Mr. Chaman Lal Jain	5
2.	Mrs. Shakun Oswal	19,084	7.	Mr. Om Parkash Sharma	NIL
3.	Mr. Sachit Jain	2,330	8.	Mr. Jagdish Rai Singal	NIL
4.	Mrs. Suchita Jain	27,101	9.	Mr. Surinder Singh Bagai	NIL
5.	Mr. Bal Krishan Arora	NIL	10.	Mr. Sat Pal Kanwar	1,212

5. INVESTORS' GRIEVANCE COMMITTEE:

The Investors' Grievance Committee comprises of Mr. Sachit Jain, Mrs. Shakun Oswal and Mr. Chaman Lal Jain, all being Non-Executive Directors. The Chairman and Compliance Officer of the Committee is Mr. Sachit Jain.

During the financial year 2010-11, four meetings of the Investors' Grievance Committee were held on 4th August, 2010, 29th November, 2010, 27th January, 2011 and 12th February, 2011 which were attended by all the members.

During the financial year 2010-11, the Company had received 61 complaints. The complaints are related to transfer, dematerialisation, dividend etc., and all the complaints have been duly resolved by the Company. Further, there is no pendency in respect of shares received for transfer during the financial year 2010-11.

6. GENERAL BODY MEETINGS:

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

Nature of Meeting	Day, Date and Time of the Meeting	Venue	Number of Special Resolutions
46 th Annual General Meeting for financial year ended 31 st March, 2010	Monday, 19 th July, 2010 at 10.30 a.m.	Registered. Office, Chandigarh Road, Ludhiana-141 010	Nil
45 th Annual General Meeting for financial year ended 31 st March, 2009	Friday, 24 th July, 2009 at 10.30 a.m.	Registered. Office, Chandigarh Road, Ludhiana-141 010	Nil
44 th Annual General Meeting for financial year ended 31 st March, 2008	Saturday, 30 th August, 2008 at 10.30 a.m.	Registered. Office, Chandigarh Road, Ludhiana-141 010	Nil

The Company has not passed any resolution through postal ballot during the financial year 2010-11. No resolution is proposed to be passed by postal ballot in the forthcoming Annual General Meeting.

7. DISCLOSURES:

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

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

8. MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Reports, publication of financial results, press releases in leading newspapers and by filing of various reports and returns with the statutory bodies like Stock Exchanges and the Registrar of Companies. The quarterly results are normally published in the 'Financial World' and 'Desh Sewak' and are also made available at Company's web-site www.vardhman.in.

9. GENERAL INFORMATION FOR SHAREHOLDERS:

i) 47th Annual General Meeting:

Date : 23rd July, 2011
Time : 5.00 P.M.
Venue : Registered Office, Chandigarh Road, Ludhiana-141 010.

ii) Financial Calendar 2011-12 (Tentative):

First Quarter Results : August, 2011
Second Quarter Results : October, 2011
Third Quarter Results : February, 2012
Annual Results : May, 2012

iii) Dates of Book Closure : 12th July, 2011 to 23rd July, 2011 (Both days inclusive)

iv) Dividend payment date : By second week of August, 2011

v) Listing:

The equity shares of the Company are listed on the following Stock Exchanges:

1. The Bombay Stock Exchange Limited (BSE),
Floor 25, P.J. Towers, Dalal Street, Mumbai-400 001.
2. The National Stock Exchange of India Limited (NSE),
"Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai-400 051.

The Company has duly paid the listing fee to both the aforesaid Stock Exchanges for the financial year 2011-12.

vi) Stock Code:

1. The Bombay Stock Exchange Limited (BSE) : 500439
2. The National Stock Exchange of India Limited (NSE) : VHL

**vii) Stock Market Data:**

The month-wise highest, lowest and closing stock prices of the Company vis.-a-vis. BSE Sensex during the financial year 2010-11 are given as follows: -

Financial Year 2010-11	Share Prices of the Company on NSE				BSE Sensex			
	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	Percent change over last month's closing	Highest	Lowest	Closing	Percent change over last month's closing
April	327.50	291.00	319.00	7.00	18,047.86	17,276.8	17,558.71	0.17
May	340.00	301.00	305.70	(4.17)	17,536.86	15,960.15	16,944.63	(3.49)
June	394.00	301.00	330.00	7.95	17,919.62	16,318.39	17,700.90	4.46
July	444.00	325.50	385.05	16.68	18,237.56	17,395.58	17,868.29	0.95
August	465.00	385.00	391.50	1.68	18,475.27	17,819.99	17,971.12	0.57
September	498.00	391.30	419.20	7.08	20,267.98	18,027.12	20,069.12	11.67
October	509.00	410.00	460.00	9.73	20,854.55	19,768.96	20,032.34	(0.18)
November	545.00	400.00	486.45	5.75	21,108.64	18,954.82	19,521.25	(2.55)
December	532.00	455.00	500.00	2.79	20,552.03	19,074.57	20,509.09	5.06
January	505.50	448.00	448.00	(10.4)	20,664.80	18,038.48	18,327.76	(10.63)
February	471.00	375.50	412.30	(7.97)	18,690.97	17,295.62	17,823.40	(2.75)
March	469.00	400.15	433.65	5.18	19,575.16	17,792.17	19,91.18	0.75

viii) Information regarding dividend payment:

- Dividends remaining unpaid/unclaimed up to the financial year 2002-03 have been transferred to the Investor Education and Protection Fund (IEPF).
- The Company provides the facility of paying dividend through Electronic Clearing Service (ECS). Shareholders who wish to avail this facility should give necessary directions to Depository Participants (in case shares are held in dematerialised form) or to the Registrar and Transfer Agent of the Company (in case the shares are held in physical form).
- Pursuant to Order dated 4th March, 2005 passed by the Hon'ble Punjab and Haryana High Court sanctioning the Scheme of Arrangement and Demerger between Vardhman Holdings Limited (VHL) and Vardhman Textiles Limited (VTEX), all the dividend payable accounts of VHL (Transferor Company) vest in VTEX (Transferee Company). Accordingly, members who have not claimed their dividend amounts for the financial year 2003-04 are requested to make their claim to VTEX having its Registered Office at Chandigarh Road, Ludhiana-141010. For claims in respect of dividend for the financial year 2004-05 onwards, members are requested to write to the Company immediately.

ix) Registrar and Transfer Agent:

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

M/s. Alankit Assignments Limited (Unit: Vardhman Holdings Limited)
Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110 055.
Phone : 011-42541234, 23541234, Fax: 011-41540064, E-mail: rta@alankit.com

x) Share Transfer System:

The Company has constituted a Share Transfer Committee of its Directors. The Committee meets on an average once in a fortnight. The list of valid transfers prepared by the Transfer Agent in respect of transfer cases received by them and objections, if any, are placed before the Committee for its approval/confirmation. The Share Certificates are returned back to the shareholders by Transfer Agent normally within 15 days from the date of receipt by them.

The shares of the Company are traded on the Stock Exchanges compulsorily in dematerialised form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) is INE 701 A01023.

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

Range of Number of Shares	SHAREHOLDERS		SHARES	
	Number	Percent	Number	Percent
Up to – 500	8,315	97.60	302,905	9.49
501 – 1,000	82	0.96	59,396	1.86
1,001 – 5,000	75	0.88	184,734	5.79
5,001 – 10,000	15	0.18	110,166	3.45
10,001 - Above	32	0.38	2,534,335	79.41
Total	8,519	100.00	3,191,536	100.00

xii) **Dematerialisation of Shares:**

As on 31st March 2011, 69.43 percent of the capital comprising 2,216,046 equity shares out of the total of 3,191,536 equity shares was dematerialized.

xiii) **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and likely impact on Equity:**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments during the year.

xiv) **Address for correspondence:**

Registered Office : Chandigarh Road, Ludhiana-141 010.
Telephone : 0161-2228943-547
Fax : 0161-2601048, 2602710, 2222616
E-mail : secretarial.lud@vardhman.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

DECLARATION UNDER CLAUSE 49

All the Board Members and Senior Management have affirmed compliance to the Code of Conduct for the financial year 2010-11.

Place : Ludhiana
Dated : 21th May, 2011

(S.P. OSWAL)
Chairman

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT

To
The Shareholders,
Vardhman Holdings Limited

We have examined the compliance of conditions of corporate governance by Vardhman Holdings Limited for the year ended on 31st March, 2011, as stipulated in Clause 49 of the listing agreement of the said company with stock exchanges in India.

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company, for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the Directors and Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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

For S.C. VASUDEVA & CO.,
Chartered Accountants
Firm Registration No.: 000235N

Place : Ludhiana
Dated : 21th May, 2011

(SANJIV MOHAN)
Partner
Membership No. 86066



COMPLIANCE CERTIFICATE

CIN No. of the Company : **L17111PB1962PLC002463**
Authorised Capital : **Rs. 40.00 Crores**
Paid up Capital : **Rs. 3.19 Crores**

To
The Members,
Vardhman Holdings Limited,
Chandigarh Road,
Ludhiana.

We have examined the registers, records, books and papers of Vardhman Holdings Limited, Ludhiana as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also provisions contained in the Memorandum and the Articles of the Association of the Company for the financial year ended March 31, 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and the agents, we certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded;
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder;
3. The Company, being a public limited company, comments are not required;
4. The Board of Directors duly met 4 (Four) times on 06.05.2010, 04.08.2010, 30.10.2010 and 12.02.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose;
5. The Company closed its Register of members from 01.07.2010 to 19.07.2010 in compliance with Section 154 of the Act;
6. The Annual General Meeting in respect of the financial year ending on March 31, 2010 was held on 19th July, 2010 after giving due notice to the members of the company & the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose;
7. No Extraordinary General Meeting was held during the year;
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act;
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act;
10. The Company has made necessary entries in the register maintained under section 301 of the Act;
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approval from the Board of Directors, members or the Central Government;
12. The Board of Directors has duly approved the issue of duplicate share certificates;
13. The company has:
 - (i) Delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) Deposited the amount of dividend declared in a separate Bank Account on 23.07.2010 which is within five days from the date of declaration of such dividend;
 - (iii) Paid/posted warrants for dividends to all the members within a period of 30 (thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid dividend Account of the company with HDFC Bank Limited on 20th August, 2010;
 - (iv) Transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
 - (v) Duly complied with the requirements of section 217 of the Act;
14. The Board of Directors of the company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made;
15. The Company has not appointed any Managing Director/Wholtime Director/Manager during the financial year under review;
16. The Company has not appointed any sole-selling agents during the financial year under review;
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year under review;
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder;

19. The company has not issued any shares, debentures or other securities during the financial year under review;
20. The Company has not bought back any shares during the financial year under review;
21. There was no redemption of preference shares or debentures during the financial year under review;
22. The Company wherever necessary has kept in abeyance rights to dividend pending registration of transfer of shares in compliance with the provisions of the Act;
23. The company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year;
24. The company has not made any borrowings during the financial year ended 31 st March 2011;
25. The company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose, as applicable;
26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny;
27. The company has not altered the provisions of .the Memorandum with respect to the objects of the Company during the year under scrutiny;
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny;
29. The Company has not altered the provisions of the Memorandum with the respect to Share Capital of the company during the year under scrutiny;
30. The company has not altered its Articles of Association during the financial year under review;
31. There was/ were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act;
32. The company has not received any money as security from its employees during the financial year;
33. The company was not required to deposit any contribution towards Provident Fund with the prescribed authorities pursuant to Section 418 of the Act during the financial year under review.

For B K Gupta & Associates

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

Place: Ludhiana
Dated: 18th May, 2011

Annexure A

Registers as maintained by the Company

1. Minutes Book of Board Meeting, General Meetings and resolutions passed by circulation u/s 193.
2. Register of member's u/s 150.
3. Register of Directors, Manager and Secretary u/s 303.
4. Copies of Annual Return.
5. Register of particulars of firms and companies in which directors are interested made u/s 301.
6. Register of Director's shareholding u/s 307.
7. Books of accounts u/s 209.

Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ended March 31, 2011

S.No.	Form No./ Return	Filed under section	For	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Form 66	383A(1)	31.03.2010	27.07.2010	Yes	No
2.	Form 23AC & ACA	220	31.03.2010	28.07.2010	Yes	No
3.	Form 20B	159	19.07.2010	08.09.2010	Yes	No

**AUDITORS' REPORT**

To
The Shareholders,
Vardhman Holdings Limited

1. We have audited the attached balance sheet of Vardhman Holdings Limited as at 31st March, 2011, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclosed in the annexure a statement on the matters specified in paragraph 4 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in the Companies (Accounting Standard) Rules, 2006 read together with sub section (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March,

2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of balance sheet, of the state of affairs of the company as at 31st March, 2011;
 - ii) in the case of profit and loss account, of the profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.C. VASUDEVA & CO.,
Chartered Accountants
Firm Registration No.: 000235N

Place : Ludhiana
Dated : 21th May, 2011

(SANJIV MOHAN)
Partner
Membership No. 86066

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in Paragraph 3)

- i. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) According to the information and explanations given to us, the company has physically verified the fixed assets at the close of the year. No discrepancies were noticed on such physical verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and nature of its business.
 - c) According to the information and explanations given to us, the company has not disposed off substantial part of its fixed assets during the year.
- ii. The company has not held inventories during the year, therefore the provisions of clause 4(ii)(a), 4(ii)(b) and 4(ii)(c) of the order are not applicable to the company.
- iii. The company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, provisions of 4(iii) (a), (b), (c) and (d) of Companies (Auditor's Report) Order, 2003 are not applicable to the company.

- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business, for the purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control. There were no transactions in respect of purchase of inventory and sale of goods during the year.
- v. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements the particulars of which need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- vi. According to the information and explanations given to us, the company has not accepted deposits covered under the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- vii. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii. The provisions of clause 4(viii) of the order regarding maintenance of cost records are not applicable to the company.
- ix. a) According to the records of the company, statutory dues including provident fund, investor education and protection fund, income tax, wealth tax, service tax and other material statutory dues applicable to the company, if any, have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011, for a period of more than six months from the date they became payable.
 b) According to the records of the Company, the details of disputed statutory dues aggregating to Rs. 7,25,413/- that have not been deposited on account of matters pending before the appellate authorities in respect of income tax are given below.
- x. In our opinion and according to information and explanation given to us, the company neither has accumulated losses nor it has incurred cash losses during the financial year covered under audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the company neither has any loans from banks nor any debentures. Accordingly, the provisions of clause 4(xi) of the order are not applicable to the company.
- xii. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the order are not applicable to the company.
- xiii. The company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the order are not applicable to the company.
- xiv. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the company.
- xv. The company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the order are not applicable to the company.
- xvi. The company has not raised any term loan during the year. Accordingly, the provisions of clause 4(xvi) of the order are not applicable to the company.
- xvii. The company has not raised any loans on short-term basis during the year. Accordingly, the provisions of clause 4(xvii) of the order are not applicable to the company.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, the company has not issued debentures during the year. Accordingly, the provisions of clause 4(xix) of the order are not applicable to the company.
- xx. According to the information and explanations given to us, the company has not raised any money by way of public issue during the year. Accordingly, the provisions of clause 4(xx) of the order are not applicable to the company.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Nature of Dues/ Name of Statute	Disputed Amount (Rs.)	Forum where dispute is pending
Income Tax		
Income Tax Act, 1961	6,82,413/-	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	43,000/-	Commissioner of Income Tax (Appeals)

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

- x. In our opinion and according to information and explanation given to us, the company neither has accumulated losses nor it has incurred cash losses during the financial year covered under audit and in the

For S.C. VASUDEVA & CO.,
Chartered Accountants
Firm Registration No.: 000235N

Place : Ludhiana
Dated : 21th May, 2011

(SANJIV MOHAN)
Partner
Membership No. 86066



Vardhman

BALANCE SHEET as at 31st March, 2011

Particulars	Schedule No.	As at 31.03.2011 (Amount in Rs.)		As at 31.03.2010 (Amount in Rs.)	
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	1	31,924,360		31,923,660	
b) Reserves and Surplus	2	<u>1,182,476,198</u>	<u>1,214,400,558</u>	<u>1,121,124,201</u>	<u>1,153,047,861</u>
TOTAL			<u><u>1,214,400,558</u></u>		<u><u>1,153,047,861</u></u>
II APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	3	14,960,720		14,775,452	
b) Less : Depreciation		<u>4,090,790</u>		<u>3,787,929</u>	
c) Net Block			<u>10,869,930</u>		10,987,523
2. Investments	4		<u>1,196,510,067</u>		1,003,659,674
3. Current Assets, Loans and Advances					
a) Cash and Bank Balances	5	1,736,076		62,557,363	
b) Loans and Advances		<u>16,532,327</u>		<u>85,131,259</u>	
	(A)	<u>18,268,403</u>		<u>147,688,622</u>	
Less: Current Liabilities and Provisions					
a) Liabilities	6	1,950,119		1,636,561	
b) Provisions		<u>9,297,723</u>		<u>7,651,397</u>	
	(B)	<u>11,247,842</u>	<u>7,020,561</u>	<u>9,287,958</u>	138,400,664
TOTAL			<u><u>1,214,400,558</u></u>		<u><u>1,153,047,861</u></u>

NOTES ON ACCOUNTS

12

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

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

For and on behalf of the Board

SANJIV MOHAN
Partner
Membership No. 86066

SACHIT JAIN
Director

S.P. OSWAL
Chairman

Place : Ludhiana
Dated : 21st May, 2011

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

Particulars	Schedule No.	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
INCOME			
Income from Operations	7	93,032,683	85,734,976
Other Income	8	8,521,004	10,148,281
TOTAL		101,553,687	95,883,257
EXPENDITURE			
Personnel Expenses	9	552,440	271,008
Administrative Expenses and Other Charges	10	18,232,765	9,537,119
Interest & Financial Charges	11	544,274	258,178
Depreciation		302,861	235,398
TOTAL		19,632,340	10,301,703
Profit before Tax		81,921,347	85,581,554
Less: Provision for Tax			
- Current Tax		11,300,000	12,400,000
- Fringe Benefit Tax		-	-
Profit After Tax		70,621,347	73,181,554
Add : Balance brought forward		126,017,126	87,778,792
Balance available for Appropriation		196,638,473	160,960,346
APPROPRIATIONS			
- Proposed Dividend on Equity Shares		7,978,840	6,383,072
- Corporate Dividend Tax on Proposed Dividend		1,294,367	1,060,148
Transfer to General Reserve		10,000,000	10,000,000
Transfer to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934		17,500,000	17,500,000
Balance carried to Balance Sheet		159,865,266	126,017,126
		196,638,473	160,960,346
Earnings per share of Rs. 10/- each (Refer Note No. 3 of Notes on Accounts)			
- Basic & Diluted		22.13	22.93

NOTES ON ACCOUNTS

12

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

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

For and on behalf of the Board

SANJIV MOHAN
Partner
Membership No. 86066

SACHIT JAIN
Director

S.P. OSWAL
Chairman

Place : Ludhiana
Dated : 21st May, 2011



Vardhman

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

Particulars	Schedule No.	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Tax and Extra-ordinary items		81,921,347	85,581,554
Adjustments for :			
Depreciation		302,861	235,398
Profit on sale of Current Investments		(25,281,532)	(34,764,967)
Loss on sale of Current Investments		8,636,279	6,952,392
Provision no longer required written back		(11,004)	-
Provision for fall in value of Investments		4,551,637	(2,648,281)
		(11,801,759)	(30,225,458)
Operating Profit before Working Capital Changes		70,119,588	55,356,096
Adjustments for :			
(Increase)/Decrease in Trade & other Receivables		68,598,933	(30,497,766)
Increase/(Decrease) in Trade Payables & other Liabilities		331,504	190,481
		68,930,437	(30,307,285)
Cash Generation from Operations		139,050,025	25,048,811
Taxes Paid		(11,483,661)	(10,894,187)
Net Cash from Operating Activities (A)		127,566,364	14,154,624
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Investments		(438,743,169)	(208,927,499)
Sale of Investments		257,986,391	270,761,412
Purchase of Fixed Assets		(185,268)	(8,808,724)
Net Cash from/(used) in Investing Activities (B)		(180,942,046)	53,025,189
C. CASH FLOW FROM FINANCING ACTIVITIES			
Recovery of Call in arrears		4,557	294
Dividend Paid (including tax thereon)		(7,450,162)	(7,378,189)
Net Cash from/(used) in Financing Activities (C)		(7,445,605)	(7,377,895)
Net Increase in cash & cash equivalents (A+B+C)		(60,821,287)	59,801,918
Cash & cash equivalents as at beginning		62,557,363	2,755,445
Cash & cash equivalents as at end		1,736,076	62,557,363

NOTES ON ACCOUNTS

12

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

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

For and on behalf of the Board

SANJIV MOHAN
Partner
Membership No. 86066

SACHIT JAIN
Director

S.P. OSWAL
Chairman

Place : Ludhiana
Dated : 21st May, 2011

SCHEDULES TO THE ACCOUNTS

SCHEDULE 1 — SHARE CAPITAL

	As at 31.03.2011 (Amount in Rs.)	As at 31.03.2010 (Amount in Rs.)
Authorised		
30,000,000 (Previous Year 30,000,000) Equity Shares of Rs. 10 each	300,000,000	300,000,000
10,000,000 (Previous Year 10,000,000) Redeemable Cumulative Preference Shares of Rs. 10/- each	100,000,000	100,000,000
	<u>400,000,000</u>	<u>400,000,000</u>
Issued		
3,191,536 (Previous Year 3,191,536) Equity Shares of Rs. 10/- each	31,915,360	31,915,360
	<u>31,915,360</u>	<u>31,915,360</u>
Subscribed and Paid-up		
3,191,536 (Previous Year 3,191,536) Equity Shares of Rs. 10/- each	31,915,360	31,915,360
Add: Forfeited Shares (Amount originally paid-up)	9,000	9,000
Less: Calls in Arrears from others	-	700
	<u>31,924,360</u>	<u>31,923,660</u>

NOTE : The issued capital comprising of 3,191,536 (Previous Year 3,191,536) equity shares of Rs 10/- each includes 2,519,286 (Previous Year 2,519,286) equity shares of Rs 10/- each allotted as bonus shares by capitalisation of share premium and general reserves.

SCHEDULE 2 — RESERVES AND SURPLUS

	As at 31.03.2011 (Amount in Rs.)	As at 31.03.2010 (Amount in Rs.)
Capital Reserve	11,388	11,388
Capital Redemption Reserve	7,000,000	7,000,000
Share Premium Account		
As per last account	78,127,600	78,127,600
Less: Calls in Arrears from others	-	3,857
	<u>78,127,600</u>	<u>78,123,743</u>
General Reserve		
As per last account	871,971,944	861,971,944
Add : Transferred from Profit and Loss Account	10,000,000	10,000,000
	<u>881,971,944</u>	<u>871,971,944</u>
Special Reserve under Section 45-IC of Reserve Bank of India Act, 1934	55,500,000	38,000,000
Surplus i.e. Balance as per annexed Profit and Loss Account	159,865,266	126,017,126
	<u>1,182,476,198</u>	<u>1,121,124,201</u>

SCHEDULE 3 — FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions during the year	Sales/ Adjust- ments	As at 31.03.2011	Upto 01.04.2010	For the year	Adjust- ments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS										
1. Freehold land	1,250,406	-	-	1,250,406	-	-	-	-	1,250,406	1,250,406
2. Buildings	13,525,046	-	185,268	13,710,314	3,787,929	302,861	-	4,090,790	9,619,524	9,737,117
Current Year	14,775,452	-	185,268	14,960,720	3,787,929	302,861	-	4,090,790	10,869,930	10,987,523
Previous Year	5,966,728	8,808,724	-	14,775,452	3,552,531	235,398	-	3,787,929	10,987,523	



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SCHEDULE 4 — INVESTMENTS

LONG TERM INVESTMENTS (At Cost)

1. TRADE

Quoted:

	As at 31.03.2011 (Amount in Rs.)	As at 31.03.2010 (Amount in Rs.)
15,402,598 (Previous Year 15,402,598) Equity Shares of Rs. 10/- each fully paid up of Vardhman Textiles Limited	724,903,363	724,903,363
815,561 (Previous Year 815,561) Equity Shares of Rs.10/- each fully paid up of Vardhman Acrylics Limited	3,076,337	3,076,337

Unquoted:

300,000 (Previous Year 300,000) Equity Shares of Rs.10/- each fully paid up of Vardhman Textile Components Limited	3,000,000	3,000,000
25,000 (Previous Year 25,000) Equity Shares of Rs.10/- each fully paid up of Vardhman Spinning & General Mills Limited (Formerly known as Vardhman Linen Limited)	250,000	250,000

2. OTHER

Quoted:

112 (Previous Year 112) Equity Shares of Rs. 10/- each fully paid up of Garware Nylon Limited	1,250	1,250
1150 (Previous Year 1150) Equity Shares of Re. 1/- each fully paid up of Hindustan Unilever Limited	1,288	1,288
50 (Previous Year 50) Equity Shares of Rs. 10/- each fully paid up of Vinod Paper Mills Limited.	500	500
96,040 (Previous Year 26,040) Equity Shares of Rs. 10/- each fully paid up of Industrial Development Bank of India Limited	12,698,608	1,375,285

Less : Provision for fall in value of Investments

Total (A)

743,931,346	732,608,023
1,750	500
743,929,596	732,607,523

CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)

OTHER THAN TRADE

(QUOTED)

Nil (Previous Year 700) Equity Shares of Rs.10/- each fully paid up of ICICI Bank Limited	-	794,686
Nil (Previous Year 700) Equity Shares of Rs.10/- each fully paid up of State Bank of India	-	1,483,891
Nil (Previous Year 3,000) Equity Shares of Rs.10/- each fully paid up of NTPC Limited	-	590,750
Nil (Previous Year 3,000) Equity Shares of Rs.10/- each fully paid up of Canara Bank	-	828,810
Nil (Previous Year 850) Equity Shares of Rs.10/- each fully paid up of Reliance Industries Limited	-	1,022,588
Nil (Previous Year 300) Equity Shares of Rs.10/- each fully paid up of Tata Communications Limited	-	160,191
Nil (Previous Year 3,000) Equity Shares of Rs.10/- each fully paid up of Jaiprakash Hydro Power Limited	-	255,940
153,362 (Previous Year 1,046,561) Equity Shares of Rs.10/- each fully paid up of Abhishek Industries Limited	1,897,684	12,964,420
20,000 (Previous Year Nil) Equity Shares of Rs.10/- each of Infrastructure Development Finance Company Limited	4,086,452	-

Less : Provision for fall in value of Investments

5,984,136	18,101,276
994,452	388,073
4,989,684	17,713,203

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

2,000,000 (Previous Year 2,000,000) Units of Rs.10/- each of HDFC Fixed Maturity Plan Series XI Growth - 18 Months	20,000,000	20,000,000
5,000,000 (Previous Year Nil) Units of Rs.10/- each of Kotak FMP Series 34-Growth	50,000,000	-
5,500,000 (Previous Year Nil) Units of Rs.10/- each of ICICI Prudential FMP Series 55	55,000,000	-
	125,000,000	20,000,000

Bonds/Debentures (UNQUOTED)

5 (Previous Year 5) Redeemable Non-Convertible Debentures of Rs.1,000,000/- each of Barclays Investments & Loans (India) Limited	5,000,000	5,000,000
	5,000,000	5,000,000

SCHEDULE 4 — INVESTMENTS (Continued)

	As at 31.03.2011 (Amount in Rs.)	As at 31.03.2010 (Amount in Rs.)
Liquid Funds/Debt Funds/Monthly Income Plans (UNQUOTED)		
Nil (Previous Year 204,548) Units of Rs.10/- each of SBI Magnum Insta Cash Fund - Cash Option	-	4,098,527
Nil (Previous Year 10,933) Units of Rs.10/- each of Templeton India Short Term Income Retail Plain - Growth	-	20,000,000
38,745 (Previous Year Nil) Units of Rs.10/- each of DSP Black Rock India Tiger Mutual Fund	2,000,000	-
4,910 (Previous Year Nil) Units of Rs.10/- each of HDFC Top 200 Fund Growth	1,000,000	-
77,160 (Previous Year Nil) Units of Rs.10/- each of Reliance Banking Fund Growth Plan	8,500,000	-
10,005,941 (Previous Year Nil) Units of Rs.10/- each of Reliance Liquid fund	111,481,187	-
Cash plan Daily dividend	-	-
58,525 (Previous Year Nil) Units of Rs.10/- each of SBI-Ultra Short Term Fund Retail Plan	1,214,845	-
	<u>124,196,032</u>	<u>24,098,527</u>
Less : Provision for fall in value of Investments	344,778	-
	<u>123,851,254</u>	<u>24,098,527</u>
Investments under Portfolio Management Services		
Equity Shares (QUOTED)		
Nil (Previous Year 200) Equity Shares of Rs.10/- each fully paid up of Punjab National Bank	-	200,569
Nil (Previous Year 1,000) Equity Shares of Rs.2/- each fully paid up of IVRCL - Infrastructure & Projects Limited	-	165,678
Nil (Previous Year 250) Equity Shares of Rs.10/- each fully paid up of United Spirits Ltd.	-	339,390
Nil (Previous Year 250) Equity Shares of Rs.10/- each fully paid up of Glaxosmithkline Consumer Healthcare Limited.	-	372,588
Nil (Previous Year 5,000) Equity Shares of Rs.2/- each fully paid up of Hotel Leela Venture Limited	-	253,209
Nil (Previous Year 600) Equity Shares of Rs.5/- each fully paid up of Bajaj Finsery Limited	-	195,775
Nil (Previous Year 300) Equity Shares of Rs.5/- each fully paid up of Dr Reddys Laboratories Limited	-	380,493
1,928 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Bajaj Finance Ltd.	1,443,600	-
6,046 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Central Bank of India	1,330,950	-
3,157 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Cholamandalam Investment & Finance Limited	582,626	-
27,189 (Previous Year Nil) Equity Shares of Rs.1/- each fully paid up of City Union Bank Limited	1,289,597	-
4,649 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Dewan housing Finance Corporation Limited	1,453,255	-
30,579 (Previous Year Nil) Equity Shares of Rs.1/- each fully paid up of Edelweiss Capital Limited	1,769,135	-
5,984 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Emkay Global Financial Services Limited	630,360	-
2,786 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Federal Bank Ltd.	1,198,504	-
23,479 (Previous Year Nil) Equity Shares of Rs.1/- each fully paid up of Geojit Financial Services Limited	894,029	-
9,086 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of GIC Housing Finance Limited	1,204,654	-
12,959 (Previous Year Nil) Equity Shares of Rs.2/- each fully paid up of India Infoline Ltd.	1,489,741	-
5,528 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Indian Bank	1,423,755	-
5,540 (Previous Year Nil) Equity Shares of Rs.2/- each fully paid up of LIC Housing Finance Limited	1,488,208	-
1,730 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Mahindra & Mahindra Financial Services Limited	1,373,500	-
7,643 (Previous Year Nil) Equity Shares of Rs.2/- each fully paid up of Mannapuram General Finance & Leasing Limited	1,110,144	-
6,260 (Previous Year Nil) Equity Shares of Rs.1/- each fully paid up of Motilal Oswal Financial Services Limited	1,154,038	-
5,862 (Previous Year Nil) Equity Shares of Rs.2/- each fully paid up of Phoenix Mills Ltd.	1,234,297	-
437 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Shri Ram City Union Finance Limited	300,279	-
929 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Shri Ram Transport Finance Limited	671,301	-



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SCHEDULE 4 — INVESTMENTS (Continued)

	As at 31.03.2011 (Amount in Rs.)	As at 31.03.2010 (Amount in Rs.)
4,618 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Sobha Developers Limited	1,544,413	-
1,364 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Sundaram Finance Limited	899,957	-
5,384 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Yes Bank Limited	1,511,481	-
	<u>25,997,824</u>	<u>1,907,702</u>
Less : Provision for fall in value of Investments	4,426,900	818,971
	<u>21,570,924</u>	<u>1,088,731</u>
Bonds / Debentures / Certificate of Deposits (QUOTED)		
Nil (Previous Year 3) Units of Rs.1,000,000/- each of 8.60% PFC Bonds	-	3,215,162
Nil (Previous Year 6) Units of Rs.1,000,000/- each of 8.70% Punjab & Sind Bank Bonds	-	6,085,381
Nil (Previous Year 30) Units of Rs.1,000,000/- each of 7.60% REC Bonds	-	30,000,000
Nil (Previous Year 43) Units of Rs.1,000,000/- each of 7.75% REC Bonds	-	43,491,883
Nil (Previous Year 6) Units of Rs.1,000,000/- each of 8.65% REC Bonds	-	6,100,315
Nil (Previous Year 5) Units of Rs.1,000,000/- each of 8.32% Tamilnadu Electricity Board	-	4,943,310
Nil (Previous Year 7) 9.35% Non-Convertible Debentures of Rs.1,000,000/- each of G E Shipping Company Limited	-	7,096,964
Nil (Previous Year 50) Units of Rs.1,000,000/- each of 8.90% UCO Bank Bonds	-	50,000,000
24,364 (Previous Year Nil) Units of Rs.25,000/- each of IFCI Deep Discount Bond	62,737,640	-
50 (Previous Year Nil) Units of Rs.100,000/- each of OBC CD	4,592,100	-
98 (Previous Year Nil) Units of Rs.500,000/- each of 11.35% Tata Motors Finance Perpetual Bonds	49,629,341	-
	<u>116,959,081</u>	<u>150,933,015</u>
Bonds / Debentures / Certificate of Deposits (UNQUOTED)		
7,544(Previous Year Nil) Convertible Debentures of 10% ATS Township Private Limited	7,544,000	-
57,683 (Previous Year Nil) Convertible Debentures of 10% Darode Jog Realiti Private Limited	5,768,300	-
41,835 (Previous Year Nil) Convertible Debentures of 10% Amit Enterprises Promoters & Builders Private Limited	4,183,500	-
16,883 (Previous Year Nil) Convertible Debentures of 10% Mantri Hamlet Private Limited	1,688,300	-
	<u>19,184,100</u>	<u>-</u>
Equity Linked Mutual Funds / Liquid Funds / Debt Funds/ Fixed Maturity Plans (QUOTED)		
2,349 (Previous Year 500) Units of Rs.10/- each of Liquid Benchmark DD	2,349,442	266,770
Nil (Previous Year 1) Units of Rs.10/- each of Benchmark Mutual Fund	-	346
Nil (Previous Year 500) Units of Rs.1.25/- each of Nifty Jr Benchmark ETF	-	53,655
	<u>2,349,442</u>	<u>320,771</u>
Less : Provision for fall in value of Investments	16	3,670
	<u>2,349,426</u>	<u>317,101</u>
Equity Fund / Liquid Funds / Debt Funds/ Monthly Income Plans (UNQUOTED)		
Nil (Previous Year 3,868,464) Units of Rs. 10/- each of Kotak Liquid Institutional Fund - Daily Dividend - Re-investment Plan	-	47,300,000
476,453 (Previous Year 346,837) Units of Rs.10/- each of Reliance Medium Term Fund - Monthly Dividend Plan	10,548,040	3,606,491
15,533 (Previous Year 99,699) Units of Rs.10.0315/- each of HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Daily Dividend	155,827	1,000,129
216,894 (Previous Year Nil) Units of Rs.10/- each of AIG India Treasury Fund-Retail Plan	2,172,135	-
208 (Previous Year Nil) Units of Rs.100,000/- each of India Venture Trust fund	20,800,000	-
	<u>33,676,002</u>	<u>51,906,620</u>
Less : Provision for fall in value of Investments	-	5,046
	<u>33,676,002</u>	<u>51,901,574</u>
Total (B)	<u>452,580,471</u>	<u>271,052,151</u>
Total (A+B)	<u>1,196,510,067</u>	<u>1,003,659,674</u>

Notes:

- Aggregate amount of quoted investments
- Aggregate amount of unquoted investments
- Market value of quoted investments
- In accordance with Note (I) of Notes regarding general instructions for preparing balance sheet given in Schedule-VI to the Companies Act, 1956, there is no requirement to disclose details of investments which have been purchased and sold during the year as the Company is an Investment Company.

**SCHEDULE 5 — CURRENT ASSETS, LOANS
AND ADVANCES**

	As at 31.03.2011 (Amount in Rs.)	As at 31.03.2010 (Amount in Rs.)
A. CURRENT ASSETS		
Cash and Bank Balances		
a) Cash in hand	26,699	39,930
b) With Scheduled Banks:		
i) In Current Accounts	1,709,377	2,517,433
ii) In Fixed Deposits	-	60,000,000
Total (A)	<u>1,736,076</u>	<u>62,557,363</u>
B. LOANS AND ADVANCES (Unsecured considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	12,240,628	79,766,259
Debenture Application Money	4,291,699	5,365,000
Total (B)	<u>16,532,327</u>	<u>85,131,259</u>
Total (A+B)	<u>18,268,403</u>	<u>147,688,622</u>

**SCHEDULE 6 — CURRENT LIABILITIES
AND PROVISIONS**

A. CURRENT LIABILITIES:				
Unclaimed Dividend		419,676		426,618
Other Liabilities		1,530,443		1,209,943
Total (A)		<u>1,950,119</u>		<u>1,636,561</u>
B. PROVISIONS:				
Provision for Taxation (Current Tax)	49,699,968		38,399,968	
Provision for Taxation (Fringe Benefit Tax)	23,600		23,600	
Less: Prepaid Taxes	<u>49,699,052</u>	24,516	<u>38,215,391</u>	208,177
Proposed Dividend on Equity Shares	7,978,840		6,383,072	
Corporate Tax on Proposed Dividend	<u>1,294.367</u>	<u>9,273,207</u>	<u>1,060,148</u>	<u>7,443,220</u>
Total (B)		<u>9,297,723</u>		<u>7,651,397</u>
Total (A+B)		<u>11,247,842</u>		<u>9,287,958</u>

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

SCHEDULE 7— INCOME FROM OPERATIONS

	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
Interest Received on FDR / ICD / BONDS (Gross) [TDS Rs. 950,294 (Previous Year Rs. 822,024)]	17,540,080	19,445,107
Income from Investments :		
Dividend from		
- Long Term Investments		
Trade	46,207,794	30,805,196
Others	78,120	73,150
- Current Investments	3,925,157	646,556
Profit on sale of Current Investments	<u>25,281,532</u>	<u>34,764,967</u>
	<u>93,032,683</u>	<u>85,734,976</u>



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SCHEDULE 8 — OTHER INCOME

	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
Provision no longer required written back	11,004	-
Receipt against Licence Agreement	8,250,000	7,500,000
Provision for fall in value of Investments written back	-	2,648,281
Rent received	260,000	-
	8,521,004	10,148,281

SCHEDULE 9 — PERSONNEL EXPENSES

Salaries and Other Allowances	526,601	250,074
Contribution to Other Funds	25,839	20,934
	552,440	271,008

**SCHEDULE 10 — ADMINISTRATIVE EXPENSES
AND OTHER CHARGES**

Rent, Rates and Taxes	304,289	285,209
Directors' Travelling	20,730	15,183
Auditors Remuneration:		
a) As Audit Fees	22,060	22,060
b) In other capacity (for certification)	-	20,130
Legal and Professional	4,190,905	1,754,375
Travelling and Conveyance	3,603	541
Printing and Stationery	102,453	86,356
Postage, Telegram and Telephones	152,108	164,997
Provision for fall in value of Investments	4,551,637	-
Loss on sale of Current Investments	8,636,279	6,952,392
Prior Period Expenses	6,499	19,762
Miscellaneous	242,202	216,114
	18,232,765	9,537,119

**SCHEDULE 11— INTEREST AND FINANCIAL
EXPENSES**

Bank and Others Charges	544,274	258,178
	544,274	258,178

SCHEDULE 12 — SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**I. SIGNIFICANT ACCOUNTING POLICIES:****a) Background :**

Vardhman Holdings Limited ('the company') is registered as a Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India ('RBI') Act, 1934. The company is principally engaged in lending and investing activities.

b) Accounting Convention:

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

c) Use of Estimates:

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

d) Revenue Recognition:**i) Income from Investments:**

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

- ii) **Interest Income:**
Interest is recognized on a time proportion basis taking into account the amount outstanding and rate applicable.
- iii) **Receipt against License Agreement:**
Revenue in respect of receipt against License Agreement is accounted for on accrual basis in accordance with the terms of the relevant agreement.
- e) **Employee Benefits:**
- (a) **Short Term Employee Benefits:**
Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the Profit and Loss Account of the year in which the related service is rendered.
- (b) **Post Employment Benefits:**
- i) **Defined Contribution Plans:**
- (1.1) **Superannuation:**
The liability in respect of eligible employees covered under the scheme is provided through a policy taken from Life Insurance Corporation of India by an approved trust formed for the purpose. The premium in respect of such policy is recognized as an expense in the period in which it falls due.
- (1.2) **Provident Fund:**
Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to the profit and loss account.
- ii) **Defined Benefit Plans**
- (1.1) **Gratuity**
Provision for gratuity liability to employees is made on the basis of actuarial valuation as at the close of the year.
- (1.2) **Leave with Wages**
Provision for leave with wages is made on the basis of actuarial valuation as at the close of the year.
- iii) The actuarial gain/loss is recognized in statement of profit and loss account.
- f) **Fixed Assets:**
Fixed Assets are stated at historical cost less accumulated depreciation.
- g) **Depreciation:**
Depreciation on all assets is provided on straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956.
- h) **Investments:**
Investments are classified as long term or current based on intention of the management at the time of purchase. Long term Investment is carried at cost less provision, if any, for decline in value which is other than temporary. Current investments are carried at lower of cost and fair value.
- i) **Accounting for Taxes on Income:**
The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current Tax is the amount of income-tax determined to be payable in respect of taxable income for a period. Deferred Tax is the tax effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- j) **Earning per Share:**
Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.
- k) **Impairment of Assets:**
At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.
- l) **Provision and Contingent Liabilities:**
- i) Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when:
- the company has a present obligation as a result of a past event;
 - a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
 - the amount of the obligation can be reliably estimated.
- ii) Contingent liability is disclosed in case there is:
- possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
 - a present obligation arising from past events but is not recognised
 - when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - a reliable estimate of the amount of the obligation cannot be made.

II. NOTES ON ACCOUNTS :

1. The Company has contested the additional demand in respect of income tax amounting to Rs. 9,11,902.00 (Previous Year Nil). Pending appeal with appellate authorities, no provision has been made in the books of account as the company is hopeful to get the desired relief in appeal.
2. The Company has only one reportable business segment and therefore, no separate disclosure is required in accordance with Accounting Standard 17 on "Segment Reporting" notified by the Companies (Accounting Standards) Rules, 2006.
3. The calculation of Earning Per Share (EPS) as disclosed in the Profit and Loss Account, has been made in accordance with Accounting Standard (AS)-20 on 'Earning Per Share' notified by the Companies (Accounting Standards) Rules, 2006.
4. In accordance with the Accounting Standard (AS)-28 on "Impairment of Assets", the Company has assessed as on the balance sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the Standard) with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

5. Employee Benefits:

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

(Amount in Rs.)

Particulars	Leave (Unfunded)		Gratuity (Unfunded)	
	Current Year	Previous year	Current Year	Previous year
(a) Changes in the present value of the obligation :				
Present value of obligation as at beginning of the year	18,741	-	20,920	-
Interest cost	1,593	-	1,778	-
Current service cost	11,578	6,520	8,478	4,636
Benefits paid / transferred	-	-	-	-
Actuarial (gain)/ loss on Obligations	(6,821)	12,221	15,559	16,284
Present value of obligation as at end of the year	25,091	18,741	46,735	20,920
(b) Change in Fair Value of Plan Asset: N.A.				
(c) Amount recognized in Balance Sheet :				
Present value of obligation as at end of the year	25,091	18,741	46,735	20,290
Fair value of Plan Assets as at end of the year	-	-	-	-
Unfunded Liability	(25,091)	(18,741)	(46,735)	(20,290)
Present value of unfunded obligation as at end of the year	-	-	-	-
Unfunded Actuarial (gains)/ losses	-	-	-	-
Unfunded Net Asset/ (Liability) recognised in Balance Sheet.	(25,091)	(18,741)	(46,735)	(20,290)
(d) Expenses Recognized in Profit and Loss:				
Current service cost	11,578	6,520	8,478	4,636
Interest cost	1,593	-	1,778	-
Expected return on Plan Assets	-	-	-	-
Actuarial (gain)/ loss on Obligations	(6,821)	12,221	15,559	16,284
Total expense recognised in Profit and Loss Account	6,350	18,741	25,815	20,920
(e) Investment details of Fund : N.A.				
(f) Principal actuarial assumption at the Balance Sheet Date (expressed as weighted average):				
Discount Rate (per annum)	8.50%	8.50%	8.50%	8.50%
Rate of increase in compensation levels (per annum)	7.00%	7.00%	6.00%	6.00%
Rate of return on Plan Assets (per annum)	N.A.	N.A.	N.A.	N.A.
Expected Average remaining working lives of employees (years)	30.00	31.21	30.00	31.21
Method Used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

Particulars	Amount outstanding (Rs.)					
	Current Year	Previous Year				
(3) Break up of leased assets and stock on hire and other assets counting towards Asset Finance Company (AFC) activities:						
(i) Lease assets including lease rentals under sundry debtors :						
(a) Financial lease	-	-				
(b) Operating lease	-	-				
(ii) Stock on hire including hire charges under sundry debtors:						
(a) Assets on hire	-	-				
(b) Repossessed Assets	-	-				
(iii) Other loans counting towards AFC activities:						
(a) Loans where assets have been repossessed	-	-				
(b) Loans other than (a) above	-	-				
TOTAL	-	-				
(4) Break-up of Investments (Net of Provisions) :						
Current Investments :						
1. Quoted :						
(i) Shares : (a) Equity	26,560,608	18,801,934				
(b) Preference	-	-				
(ii) Debentures and Bonds	121,959,081	155,933,015				
(iii) Units of Mutual Funds	2,349,426	317,102				
(iv) Government Securities	-	-				
(v) Others:						
- Units of Fixed Maturity Plans	125,000,000	20,000,000				
- Units of Income/Debt Plans (Net)	-	-				
- Units of Liquid Floater Plans	-	-				
2. Unquoted:						
(i) Shares : (a) Equity	-	-				
(b) Preference	-	-				
(ii) Debentures and Bonds	19,184,100	-				
(iii) Units of Mutual Funds	11,500,000	-				
(iv) Government Securities	-	-				
(v) Others:						
- Units of Private Equity Fund (Health Care)	20,800,000	-				
- Units of Income/Debt Plans (Net)	-	20,000,000				
- Units of Liquid Floater Plans	125,227,256	56,000,100				
TOTAL (A=1+2)	452,580,471	271,052,151				
Long Term investments :						
1. Quoted:						
(i) Shares : (a) Equity	740,679,596	729,357,523				
(b) Preference	-	-				
(ii) Debentures and Bonds	-	-				
(iii) Units of Mutual Funds	-	-				
(iv) Government Securities	-	-				
(v) Others	-	-				
2. Unquoted:						
(i) Shares: (a) Equity	3,250,000	3,250,000				
(b) Preference	-	-				
(ii) Debentures and Bonds	-	-				
(iii) Units of Mutual Funds	-	-				
(iv) Government Securities	-	-				
(v) Others	-	-				
TOTAL (B=1+2)	743,929,596	732,607,523				
GRAND TOTAL (A+B)	1,196,510,067	1,003,659,674				
(5) Borrower group-wise classification of assets financed as in (2) and (3) above :			(Amount in Rs.)			
Category	Current Year			Amount net of provisions		
	Secured	Unsecured	Total	Previous Year		
				Secured	Unsecured	Total
1. Related Parties:						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	8,189,775	8,189,775	-	7,445,250	7,445,250
2. Other than related parties	-	8,342,552	8,342,552	-	77,686,009	77,686,009
Total	-	16,532,327	16,532,327	-	85,131,259	85,131,259

- (6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):
(Amount in Rs.)

Category	Current Year		Previous Year	
	Market Value / Break up or Fair Value or Net Asset Value	Book Value (Net of Provisions)	Market Value / Break up or Fair Value or Net Asset Value	Book Value (Net of Provisions)
1. Related Parties:				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	3,995,002,136	731,229,700	4,094,557,437	731,229,700
2. Other than related parties	467,117,733	465,280,367	277,406,228	272,429,974
Total	4,462,119,869	1,196,510,067	4,371,963,665	1,003,659,674

- (7) Other information

Particulars	Current Year	Previous Year
(i) Gross Non-Performing Assets:		
(a) Related parties	-	-
(b) Other than related parties	-	-
(ii) Net Non-Performing Assets:		
(a) Related parties	-	-
(b) Other than related parties	-	-
(iii) Assets acquired in satisfaction of debt	-	-

Notes:

- Companies in the same group means companies under the same management as per section 370(1B) of the Companies Act, 1956.
- In case of unquoted shares, book value is taken as market value.

11. Information pursuant to Guidelines for NBFC-ND-SI vide notification No. DNBS 200/CGM (PK) - 2008 dated 01-08-2008.

CRAR

Items	Current Year	Previous Year
i) CRAR (%)	99.52	109.30
ii) CRAR – Tier I Capital (%)	99.52	109.30
iii) CRAR – Tier II Capital (%)	-	-

Exposures:

Exposure to Real Estate Sector:

Category	Current Year	Previous Year
a. Direct Exposure:		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi- tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non Fund based (NFB) limits;	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	-	-
(a) Residential,		
(b) Commercial Real Estate		
b. Indirect Exposure	-	-
a. Fund based and non- fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		



Vardhman

Asset Liability Management

Maturity pattern of certain item of assets and liabilities

(Rs. in crore)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	-	-	-	-	-	-	-	-	-
Market Borrowings	-	-	-	-	-	-	-	-	-
Assets									
Advances	-	0.82	-	0.62	-	0.21	-	-	1.65
Investments	-	-	-	-	-	-	-	-	119.65

Note: Though the aggregate amount of advances and investments are mentioned in the column in 'Total' above, details are given only for those advance and investments where maturity pattern can be ascertained.

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

For and on behalf of the Board

SANJIV MOHAN
Partner
Membership No. 86066

SACHIT JAIN
Director

S.P. OSWAL
Chairman

Place : Ludhiana
Dated : 21st May, 2011

12. Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 :

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

Registration Number	2463
State Code	16
Balance Sheet Date	31 st March, 2011

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

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

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

Total Assets	1,214,401
Total Liabilities	1,214,401

Sources of Funds

Paid-up Capital	31,924
Reserves and Surplus	1,182,476
Secured Loans	Nil
Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	10,870
Investments	1,196,510
Net Current Assets	7,021
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

**4. PERFORMANCE OF THE COMPANY
(Amount in Rs. Thousand)**

Turnover (Including other income)	101,554
Total Expenditure	19,632
Profit before Tax	81,921
Profit after Tax	70,621
Earnings per Share (in Rs.)	22.13
Dividend Rate (%)	25

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

- Item Code No. (ITC code) Product Description	} Not Applicable
- Item Code No. (ITC code) Product Description	
- Item Code No. (ITC code) Product Description	

(The Company is not engaged in any manufacturing activity)

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

For and on behalf of the Board

SANJIV MOHAN
Partner
Membership No. 86066

SACHIT JAIN
Director

S.P. OSWAL
Chairman

Place : Ludhiana
Dated : 21st May, 2011

VARDHMAN HOLDINGS LIMITED
REGISTERED OFFICE: CHANDIGARH ROAD, LUDHIANA - 141 010



PROXY FORM

I/We.....
of.....
in the Districtbeing a Member/Members
of **Vardhman Holdings Limited**, hereby appoint.....
of.....in the
District of.....failing him/her
.....of.....
.....in the district of.....
as my/our proxy to vote for me/us on my/our behalf at the 47th Annual General Meeting of the Company to be held on Saturday, the 23rd day of July, 2011 at 5.00 P.M. and at any adjournment thereof.
Signed this.....day of.....2011.

Affix
Revenue
Stamp here

Signature.....
Address.....
Folio No. / Client ID No.
DPID No.

NOTES:

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

(TEAR HERE)

VARDHMAN HOLDINGS LIMITED
REGISTERED OFFICE: CHANDIGARH ROAD, LUDHIANA - 141 010



SUGGESTIONS

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

Suggestion.....
.....
.....

Name..... Folio No./Client ID No.
DPID No. Address.....
.....Pin Code

(TEAR HERE)

VARDHMAN HOLDINGS LIMITED
REGISTERED OFFICE: CHANDIGARH ROAD, LUDHIANA - 141 010



ATTENDANCE SLIP

I hereby record my presence at the 47th Annual General Meeting of the above named Company being held at Registered Office of the Company situated at Chandigarh Road, Ludhiana, at 5.00 P.M., on Saturday, the 23rd day of July, 2011.

.....
Full Name of the Member
(In BLOCK LETTERS)
Folio No./Client ID No.
DPID No.
.....
Full Name of the Proxy
(In BLOCK LETTERS)

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

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

