



VARDHMAN HOLDINGS LIMITED  
46<sup>th</sup> ANNUAL REPORT 2009-10

#### 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. MRS. SHAKUN OSWAL
8. MR. SACHIT JAIN
9. MRS. SUCHITA JAIN
10. MR. OM PARKASH 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](http://www.vardhman.in)

E-mail: [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com)

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## NOTICE

NOTICE is hereby given that the FORTY-SIXTH ANNUAL GENERAL MEETING of the members of the Company will be held on Monday, the 19th day of July, 2010 at 10.30 a.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, 2010, 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 Mr. Sat Pal Kanwar, 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.  
b) To appoint a Director in place of Mr. Bal Krishan Arora, 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.  
c) To appoint a Director in place of Mr. Chaman Lal 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 2010-11 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 an ordinary resolution:-  
"RESOLVED THAT Mr. Om Parkash Sharma, who was appointed as an additional Director under Section 260 of the Companies Act, 1956, and Article 94 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board

Place : Ludhiana  
Dated : 6<sup>th</sup> May, 2010

(SUCHITA JAIN)  
Director

### 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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 5 is annexed hereto and forms part of the Notice. 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 1<sup>st</sup> July, 2010 to 19<sup>th</sup> July, 2010 (Both days inclusive).**
4. The Dividend declared, if any, will be paid to those members whose names appear in the Register of Members of the Company as on the date of Annual General Meeting i.e. 19<sup>th</sup> July, 2010. 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 30<sup>th</sup> June, 2010, 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.



## 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, vide their resolution dated 24<sup>th</sup> July, 2009, appointed Mr. Om Parkash Sharma as an additional Director on the Board of the Company pursuant to Article 94 of the Articles of Association of the Company.

In terms of Section 260 of the Companies Act, 1956 read with Article 94 of the Articles of Association of the Company, Mr. Om Parkash Sharma will hold office of additional Director upto the date of Annual General Meeting. The Company has received notice from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Om Parkash Sharma as a Director of the Company. Your approval is, accordingly, solicited for his appointment as a Director liable to retire by rotation.

#### Memorandum of interest

Except Mr. Om Parkash Sharma, being the appointee himself, none of the Directors of the Company is concerned or interested in this resolution.

By Order of the Board

Place : Ludhiana  
Dated : 6<sup>th</sup> May, 2010

(SUCHITA JAIN)  
Director

### 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	Mr. Sat Pal Kanwar	Mr. Bal Krishan Arora	Mr. Chaman Lal Jain	Mr. Om Parkash Sharma
Date of Birth	28.05.1939	12.03.1935	23.11.1939	26.12.1939
Date of Appointment	13.05.2008	13.05.2008	28.08.1978	24.07.2009
Qualification	Under Graduate	B.Com., LLB	M.Sc.	M.A.
Expertise in specific functional area	Manufacturing and Trading in Textiles.	Leading expert of Company Law and Secretarial Practice.	Rich business experience of 42 years in Chemical Industry.	Marketing experience of about 40 years in textile industry.
Directorships in other companies	1. Veera Trading and Textile Company Pvt. Ltd. 2. Luxmi Trading Company Private Limited	Nil	Nil	Nil
Chairmanships/ Committee memberships of other companies	Nil	Nil	Nil	Nil
Number of shares held	1,212	Nil	5	Nil
Relationship with other Directors	Not related to any Director	Not related to any Director	Related to Mrs. Shakun Oswal	Not related to any Director

## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 46th Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended 31st March, 2010.

### 1. FINANCIAL RESULTS :

The financial results for the year are as under :-

PARTICULARS	(Amount in Rs.)	
	2009-10	2008-09
Income from Operations	85,734,976	86,113,682
Other Income	10,148,281	7,000,542
Profit before Depreciation, Interest and Tax (PBDIT)	86,075,130	86,031,581
Interest and Financial Expenses	258,178	14,957
Profit before Depreciation & Tax (PBDDT)	85,816,952	86,016,624
Depreciation	235,398	157,525
Profit before Tax (PBT)	85,581,554	85,859,099
Provision for		
- Current Tax	12,400,000	5,095,000
- Fringe Benefit Tax	-	5,000
Profit after Tax (PAT)	73,181,554	80,759,099
Balance brought forward	87,778,792	41,987,568
Balance available for appropriation	160,960,346	122,746,667
<b>Appropriations:</b>		
Proposed Dividend on Equity Shares	6,383,072	6,383,072
Corporate Dividend Tax on Proposed Dividend	1,060,148	1,084,803
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	126,017,126	87,778,792
	160,960,346	122,746,667
Earnings per Share (Rs.)	22.93	25.30
Dividend per Share (Rs.)	2.00	2.00

### 2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

#### a. FINANCIAL ANALYSIS :

During the year, the Income from operations was Rs. 85,734,976 as against Rs. 86,113,682 in the previous year. The Company earned other income of Rs. 10,148,281 during the year as against Rs. 7,000,542 last year. The Company earned profit before depreciation, interest and tax of Rs. 86,075,130 as against Rs. 86,031,581 in the previous year. After providing for interest and financial expenses of Rs.258,178 (Previous Year Rs. 14,957), depreciation of Rs.235,398 (Previous Year Rs. 157,525), current tax of Rs. 12,400,000 (Previous Year Rs. 5,095,000) and fringe benefit tax being nil (Previous Year Rs.5,000), the profit after tax was Rs. 73,181,554 as against Rs. 80,759,099 last year.

The balance available for appropriation after adding balance in surplus account is Rs. 160,960,346. Out of this, a sum of Rs. 6,383,072 and Rs. 1,060,148 respectively have been appropriated towards proposed dividend and corporate dividend

tax thereon, Rs. 10,000,000 and Rs. 17,500,000 are proposed to be transferred to general reserve and special reserve respectively and the balance of Rs. 126,017,126 is proposed to be carried as surplus to the balance sheet.

#### b. RESOURCE UTILISATION :

##### FIXED ASSETS :

The gross fixed assets as at 31st March, 2010 were Rs. 14,775,452 as against previous year's gross fixed assets of Rs. 5,966,728. During the year, there were additions of fixed assets amounting to Rs. 8,808,724 (Previous Year Nil).

##### CURRENT ASSETS :

The net current assets as on 31st March, 2010 were Rs. 138,400,664 as against Rs. 49,862,305 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.)	
	2009-10	2008-09
<b>Cash and Cash Equivalents:</b>		
Beginning of the Year	2,755,445	62,234,260
End of the Year	62,557,363	2,755,445
<b>Net Cash provided/(used) by:</b>		
Operating Activities	14,154,624	29,563,845
Investing Activities	53,025,189	(81,657,683)
Financing Activities	(7,377,895)	(7,384,977)

#### 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 RISKS 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 31<sup>st</sup> March, 2010, 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. 2.00 per share on the fully paid-up equity shares of the Company.

#### 5. DIRECTORS :

Mr. Sat Pal Kanwar, Mr. Bal Krishan Arora and Mr. Chaman Lal Jain, Directors of your Company, retire by rotation at the



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conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Dr. Ram Swarup Gupta resigned from the Directorship of the Company with effect from 13<sup>th</sup> May, 2009. The Board places on record its appreciation of the services rendered by Dr. Ram Swarup Gupta during his tenure as a Director of the Company.

Mr. Om Parkash Sharma was appointed as an additional Director during the year. The Company has received notice from a member proposing his candidature for appointment as a Director liable to retire by rotation.

**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 31<sup>st</sup> March, 2010 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. 24.00 lac. per annum or Rs. 2.00 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:-

- Vardhman Textiles Limited
- VTL Investments Limited
- Adinath Investment and Trading Company
- Devakar Investment and Trading Company Private Limited

**13. DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2010 and of the profits of the Company for the year ended on 31<sup>st</sup> March, 2010;
- 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
- 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 : 6<sup>th</sup> May, 2010

(SUCHITA JAIN)  
Director

## 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 2009-10, four Board Meetings were held on the following dates:

- 25th April, 2009
- 27th October, 2009
- 24th July, 2009
- 30th January, 2010

#### (b) Composition :

As at 31st March, 2010, 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 2009-10 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	3	No	11	-	6	-
Mrs. Shakun Oswal	Non-Executive Director, Non Independent	2	Yes	4	-	-	-
Mr. Sachit Jain	Non-Executive Director, Non Independent	3	Yes	13	5	1	2
Mrs. Suchita Jain	Non-Executive Director, Non Independent	2	Yes	6	-	-	-
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	3	1	-	1
Mr. Jagdish Rai Singal	Non-Executive, Independent Director	-	No	4	2	-	-
Mr. Om Parkash Sharma	Non-Executive, Independent Director	3	No	-	-	-	-
Mr. Sat Pal Kanwar	Non-Executive, Independent Director	4	No	-	-	-	-
Dr. Ram Swarup Gupta	Non-Executive , Independent Director	1	No	-	-	-	-

Notes :

- i) Dr. Ram Swarup Gupta resigned from the Directorship of the Company with effect from 13th May, 2009.
- ii) Mr. Om Parkash Sharma was appointed as a Director of the Company with effect from 24th July, 2009.
- iii) 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 earlier comprised of three Directors viz. Mr. Bal Krishan Arora, Mr. Sat Pal Kanwar and Dr. Ram Swarup Gupta. Mr. Bal Krishan Arora was the Chairman of the Audit Committee. The Audit Committee was re-constituted by the Board of Directors in their meeting held on 24th July, 2009. As at 31st March, 2010, the Audit Committee comprised of three Directors viz. Mr. Bal Krishan Arora, Mr. Sat Pal Kanwar and Mr. Om Parkash Sharma. Mr. Bal Krishan Arora is the Chairman of the re-constituted 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 2009-10 on the following dates:-

- 25th April, 2009
- 24th July, 2009
- 27th October, 2009
- 30th January, 2010

The attendance of the members of the Audit Committee during the financial year 2009-10 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	2
Dr. Ram Swarup Gupta	Non-Executive, Independent Director	1

### 4. DIRECTORS' REMUNERATION AND SHAREHOLDING:

#### a) Remuneration :

The Company does not have any Executive Director. Further, 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 2009-10 are given hereunder: -

S. No.	Name of Director	Sitting Fee (Rs.)
1.	Mr. Chaman Lal Jain	21,000
2.	Dr. Ram Swarup Gupta	7,000
3.	Mr. Surinder Singh Bagai	-
4.	Mr. Jagdish Rai Singal	-
5.	Mr. Om Parkash Sharma	18,000
6.	Mr. Bal Krishan Arora	28,000
7.	Mr. Sat Pal Kanwar	28,000

#### b) Shareholding :

The shareholding of the Directors in the equity share capital of the Company as at 31st March, 2010 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	6
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 2009-10, three meetings of the Investors' Grievance Committee were held on 24th July, 2009, 11th December, 2009 and 16th March, 2010 which were attended by all the members.

During the financial year 2009-10, the Company had received 51 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 2009-10.

## 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
45 <sup>th</sup> Annual General Meeting for financial year ended 31 <sup>st</sup> March, 2009	Friday, 24 <sup>th</sup> July, 2009 at 10.30 a.m.	Registered. Office, Chandigarh Road, Ludhiana-141 010	Nil
44 <sup>th</sup> Annual General Meeting for financial year ended 31 <sup>st</sup> March, 2008	Saturday, 30 <sup>th</sup> August, 2008 at 10.30 a.m.	Registered. Office, Chandigarh Road, Ludhiana-141 010	Nil
43 <sup>rd</sup> Annual General Meeting for financial year ended 31 <sup>st</sup> March, 2007	Saturday, 18 <sup>th</sup> August, 2007 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 2009-10. 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](http://www.vardhman.in).

## 9. GENERAL INFORMATION FOR SHAREHOLDERS :

### i) 46<sup>th</sup> Annual General Meeting :

Date : 19<sup>th</sup> July, 2010  
Time : 10.30 A.M.  
Venue : Registered Office, Chandigarh Road, Ludhiana-141 010.

### ii) Financial Calendar 2010-11 (Tentative) :

First Quarter Results : July, 2010  
Second Quarter Results : October, 2010  
Third Quarter Results : January, 2011  
Annual Results : May, 2011

### iii) Dates of Book Closure : 1<sup>st</sup> July, 2010 to 19<sup>th</sup> July, 2010 (Both days inclusive)

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

### v) Listing

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

- The Bombay Stock Exchange Limited (BSE),  
Floor 25, P.J. Towers, Dalal Street, Mumbai-400 001.
- 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 2010-11.



**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 2009-10 are given as follows: -

Financial Year 2009-10	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	133.90	114.05	132.00	18.65	11,492.10	9,546.29	11,403.25	17.46
May	162.50	129.05	159.20	20.61	14,930.54	11,621.30	14,625.25	28.26
June	193.70	163.00	185.00	16.21	15,600.30	14,016.95	14,493.84	-0.90
July	210.50	150.45	205.05	10.84	15,732.81	13,219.99	15,670.31	8.12
August	220.00	185.00	193.90	-5.44	16,002.46	14,684.45	15,666.64	-0.02
September	288.80	190.00	267.00	37.70	17,142.52	15,356.72	17,126.84	9.32
October	270.00	215.00	225.50	-15.54	17,493.17	15,805.20	15,896.28	-7.18
November	251.00	213.05	247.00	9.53	17,290.48	15,330.56	16,926.22	6.48
December	324.80	241.00	275.00	11.34	17,530.94	16,577.78	17,464.81	3.18
January	330.00	255.00	290.00	5.45	17,790.33	15,982.08	16,357.96	-6.34
February	326.00	265.00	278.05	-4.12	16,669.25	15,651.99	16,429.55	0.44
March	324.00	270.60	298.15	7.23	17,793.01	16,438.45	17,527.77	6.68

**viii) Information regarding dividend payment :**

- Dividends remaining unpaid/unclaimed upto the financial year 2001-02 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 4<sup>th</sup> March, 2005 passed by the Hon'ble Punjab and Haryana High Court sanctioning the Scheme of Arrangement and Demerger between Vardhman Holdings Limited (formerly known as Vardhman Spinning and General Mills Limited) (VHL) and Vardhman Textiles Limited (formerly known as Mahavir Spinning Mills Limited) (VTEX), the dividend payable accounts of VHL (Transferor Company) up to the financial years 2003-04 vest in VTEX (Transferee Company). Accordingly, members who have not claimed their dividend amounts for the financial years 2002-03 and 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, 2010 :**

Range of Number of Shares	SHAREHOLDERS		SHARES	
	Number	Percent	Number	Percent
Up to – 500	9,022	97.51	344,762	10.80
501 – 1,000	99	1.07	72,696	2.28
1,001 – 5,000	83	0.90	199,576	6.25
5,001 – 10,000	19	0.21	134,461	4.21
10,001– Above	29	0.31	2,440,041	76.45
Total	9,252	100.00	3,191,536	100.00

**xii) Dematerialisation of Shares :**

As on 31<sup>st</sup> March 2010, 69.28 percent of the capital comprising 2,211,254 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 2009-10.

Place : Ludhiana  
Dated : 6<sup>th</sup> May, 2010

(Suchita Jain)  
Director

**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 31<sup>st</sup> March, 2010, as stipulated in Clause 49 of the listing agreement of the said company with stock exchanges.

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

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

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

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

Place : Ludhiana  
Dated : 6<sup>th</sup> May, 2010

(SANJIV MOHAN)  
Partner  
Membership No. 86066



Vardhman

## 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, 2010. 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 25.04.2009, 24.07.2009, 27.10.2009 and 30.01.2010 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 11.07.2009 to 24.07.2009 and necessary compliance of sections 154 of Act has been made;
6. The Annual General Meeting for the financial year ending on March 31, 2009 was held on 24<sup>th</sup> July, 2009 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 financial 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 Sec 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 28.07.2009 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 dividends have been transferred to Unpaid Dividend Account of the Company with HDFC Bank Limited on 29<sup>th</sup> August, 2009;
  - (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/Whole-time 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<sup>st</sup> March, 2010;
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 company during the year under scrutiny;
29. The Company has not altered the provisions of the Memorandum with 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

Certificate of Practice No.: 5708

Place: Ludhiana  
Dated: 6<sup>th</sup> May, 2010

#### 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 members 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 Directors 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, 2010**

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 32	303(2)	13.05.2009	15.05.2009	Yes	N.A.
2.	Form 32	303(2)	24.07.2009	10.08.2009	Yes	N.A.
3.	Form 23AC & ACA	220	31.03.2009	24.08.2009	Yes	N.A.
4.	Form 66	383A(1)	31.03.2009	24.08.2009	Yes	N.A.
5.	Form 20B	159	24.07.2009	19.09.2009	Yes	N.A.



Vardhman

## AUDITORS' REPORT

To  
The Shareholders,  
Vardhman Holdings Limited

1. We have audited the attached balance sheet of Vardhman Holdings Limited as at 31<sup>st</sup> March, 2010, 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 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March,

2010 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 31<sup>st</sup> March, 2010;
  - 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 : 6<sup>th</sup> May, 2010

(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 31<sup>st</sup> March, 2010, for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there were no disputed dues in respect of sales tax, income tax, service tax, custom duty, wealth tax, excise duty 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 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.

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

Place : Ludhiana  
Dated : 6<sup>th</sup> May, 2010

(SANJIV MOHAN)  
Partner  
Membership No. 86066



**BALANCE SHEET as at 31st March, 2010**

Particulars	Schedule No.	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	31,923,660	31,923,660
b) Reserves and Surplus	2	1,121,124,201	1,087,309,233
<b>TOTAL</b>		<b>1,153,047,861</b>	<b>1,087,309,233</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	3	14,775,452	5,966,728
b) Less : Depreciation		3,787,929	3,552,531
c) Net Block		10,987,523	2,414,197
<b>2. Investments</b>	4	<b>1,003,659,674</b>	<b>1,035,032,731</b>
<b>3. Current Assets, Loans and Advances</b>			
a) Cash and Bank Balances	5	62,557,363	2,755,445
b) Loans and Advances		85,131,259	54,633,493
	(A)	147,688,622	57,388,938
<b>Less: Current Liabilities and Provisions</b>			
a) Liabilities	6	1,636,561	1,356,394
b) Provisions		7,651,397	6,170,239
	(B)	9,287,958	7,526,633
<b>Net Current Assets (A-B)</b>		<b>138,400,664</b>	<b>49,862,305</b>
<b>TOTAL</b>		<b>1,153,047,861</b>	<b>1,087,309,233</b>

**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

SUCHITA JAIN  
Director

SHAKUN OSWAL  
Director

Place : Ludhiana  
Dated : 6<sup>th</sup> May, 2010

## PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2010

Particulars	Schedule No.	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
<b>INCOME</b>			
Income from Operations	7	85,734,976	86,113,682
Other Income	8	10,148,281	7,000,542
<b>TOTAL</b>		<b>95,883,257</b>	<b>93,114,224</b>
<b>EXPENDITURE</b>			
Personnel Expenses	9	271,008	135,634
Administrative Expenses and Other Charges	10	9,537,119	6,947,009
Interest and Financial Expenses	11	258,178	14,957
Depreciation		235,398	157,525
<b>TOTAL</b>		<b>10,301,703</b>	<b>7,255,125</b>
<b>Profit before tax</b>		<b>85,581,554</b>	<b>85,859,099</b>
<b>Less : Provision for</b>			
- Current Tax		12,400,000	5,095,000
- Fringe Benefit Tax		-	5,000
<b>Profit After Tax</b>		<b>73,181,554</b>	<b>80,759,099</b>
Add : Balance brought forward		87,778,792	41,987,568
<b>Balance available for Appropriation</b>		<b>160,960,346</b>	<b>122,746,667</b>
<b>APPROPRIATIONS</b>			
- Proposed Dividend on Equity Shares		6,383,072	6,383,072
- Corporate Dividend Tax on Proposed Dividend		1,060,148	7,467,875
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
<b>Balance carried to Balance Sheet</b>		<b>126,017,126</b>	<b>87,778,792</b>
		<b>160,960,346</b>	<b>122,746,667</b>
<b>Earnings per share of Rs. 10/- each</b> (Refer Note No. 3 of Notes on Accounts)			
- Basic & Diluted		22.93	25.30

### 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

SUCHITA JAIN  
Director

SHAKUN OSWAL  
Director

Place : Ludhiana  
Dated : 6<sup>th</sup> May, 2010



**CASH FLOW STATEMENT for the year ended 31st March, 2010**

Particulars	Schedule No.	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before Tax and Extra-ordinary items		85,581,554	85,859,099
Adjustments for :			
Depreciation		235,398	157,525
Profit on sale of Current Investments		(34,764,967)	(16,173,227)
Loss on sale of Current Investments		6,952,392	2,730,140
Provision no longer required written back		-	(542)
Provision for fall in value of Investments		(2,648,281)	2,923,787
		<b>(30,225,458)</b>	<b>(10,362,317)</b>
Operating Profit before Working Capital Changes		55,356,096	75,496,782
Adjustments for :			
(Increase)/Decrease in Trade & other Receivables		(30,497,766)	(37,611,722)
Increase/(Decrease) in Trade Payables & other Liabilities		190,481	(627,735)
		<b>(30,307,285)</b>	<b>(38,239,457)</b>
Cash Generation from Operations		25,048,811	37,257,325
Taxes Paid		(10,894,187)	(7,693,480)
<b>Net Cash from Operating Activities (A)</b>		<b>14,154,624</b>	<b>29,563,845</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Investments		(208,927,499)	(235,100,771)
Sale of Investments		270,761,412	153,443,088
Purchase of Fixed Assets		(8,808,724)	-
<b>Net Cash from / (used) in Investing Activities (B)</b>		<b>53,025,189</b>	<b>(81,657,683)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Recovery of Call in arrears		294	1,092
Dividend Paid (including tax thereon)		(7,378,189)	(7,386,069)
<b>Net Cash from / (used) in Financing Activities (C)</b>		<b>(7,377,895)</b>	<b>(7,384,977)</b>
<b>Net Increase in cash &amp; cash equivalents (A+B+C)</b>		<b>59,801,918</b>	<b>(59,478,815)</b>
<b>Cash &amp; cash equivalents as at beginning</b>		<b>2,755,445</b>	<b>62,234,260</b>
<b>Cash &amp; cash equivalents as at end</b>		<b>62,557,363</b>	<b>2,755,445</b>

**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

SUCHITA JAIN  
Director

SHAKUN OSWAL  
Director

Place : Ludhiana  
Dated : 6<sup>th</sup> May, 2010

## SCHEDULES TO THE ACCOUNTS

### SCHEDULE 1 — SHARE CAPITAL

	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
<b>Authorised</b>		
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>
<b>Issued</b>		
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>
<b>Subscribed and Paid-up</b>		
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	700
	<u>31,923,660</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 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
<b>Capital Reserve</b>	11,388	11,388
<b>Capital Redemption Reserve</b>	7,000,000	7,000,000
<b>Share Premium Account</b>		
As per last account	78,127,600	78,127,600
Less: Calls in Arrears from others	3,857	4,151
	<u>78,123,743</u>	<u>78,123,449</u>
<b>General Reserve</b>		
As per last account	861,971,944	851,971,944
Add : Transferred from Profit and Loss Account	10,000,000	10,000,000
	<u>871,971,944</u>	<u>861,971,944</u>
<b>Special Reserve under Section 45-IC of Reserve Bank of India Act, 1934</b>	38,000,000	20,500,000
<b>Surplus i.e. Balance as per annexed Profit and Loss Account</b>	126,017,126	87,778,792
	<u>1,121,124,201</u>	<u>1,055,385,573</u>

### SCHEDULE 3 — FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions during the year	Sales/ Adjust- ments	As at 31.03.2010	Upto 01.04.2009	For the year	Adjust- ments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
<b>TANGIBLE ASSETS</b>										
1. Freehold land	1,250,406	-	-	1,250,406	-	-	-	-	1,250,406	1,250,406
2. Buildings	4,716,322	8,808,724	-	13,525,046	3,552,531	235,398	-	3,787,929	9,737,117	1,163,791
Current Year	5,966,728	8,808,724	-	14,775,452	3,552,531	235,398	-	3,787,929	10,987,523	2,414,197
Previous Year	5,966,728	-	-	5,966,728	3,395,006	157,525	-	3,552,531	2,414,197	-



Vardhman

Vardhman Holdings Limited  
(Formerly known as Vardhman Spinning and General Mills Limited)

**SCHEDULE 4 — INVESTMENTS**

**LONG TERM INVESTMENTS (At Cost)**

**1. TRADE**

**Quoted:**

15,402,598 (Previous Year 15,402,598) Equity Shares of Rs. 10/- each fully paid up of Vardhman Textiles Limited (Formerly known as Mahavir Spinning Mills Limited)	<b>724,903,363</b>	724,903,363
815,561 (Previous Year 815,561) Equity Shares of Rs.10/- each fully paid up of Vardhman Acrylics Limited	<b>3,076,337</b>	3,076,337

**Unquoted:**

300,000 (Previous Year 300,000) Equity Shares of Rs.10/- each fully paid up of Vardhman Textile Components Limited	<b>3,000,000</b>	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)	<b>250,000</b>	250,000

**2. OTHER**

**Quoted:**

112 (Previous Year 112) Equity Shares of Rs. 10/- each fully paid up of Garware Nylon Limited	<b>1,250</b>	1,250
1,150 (Previous Year 1,150) Equity Shares of Re. 1/- each fully paid up of Hindustan Unilever Limited	<b>1,288</b>	1,288
50 (Previous Year 50) Equity Shares of Rs. 10/- each fully paid up of Vinod Paper Mills Limited.	<b>500</b>	500
26,040 (Previous Year 26,040) Equity Shares of Rs. 10/- each fully paid up of Industrial Development Bank of India Limited	<b>1,375,285</b>	1,375,285

Less : Provision for fall in value of Investments

**Total (A)**

<b>732,608,023</b>	732,608,023
<b>500</b>	500
<b>732,607,523</b>	732,607,523

**CURRENT INVESTMENTS (AT LOWER OF COST AND FAIR VALUE)**

**OTHER THAN TRADE**

**(QUOTED)**

700 (Previous Year 700) Equity Shares of Rs.10/- each fully paid up of ICICI Bank Limited	<b>794,686</b>	794,686
700 (Previous Year 700) Equity Shares of Rs.10/- each fully paid up of State Bank of India	<b>1,483,891</b>	1,483,891
3,000 (Previous Year 3,000) Equity Shares of Rs.10/- each fully paid up of NTPC Limited	<b>590,750</b>	590,750
3,000 (Previous Year 3,000) Equity Shares of Rs.10/- each fully paid up of Canara Bank	<b>828,810</b>	828,810
850 (Previous Year 300) Equity Shares of Rs.10/- each fully paid up of Reliance Industries Limited	<b>1,022,588</b>	746,416
300 (Previous Year 300) Equity Shares of Rs.10/- each fully paid up of Tata Communications Limited	<b>160,191</b>	160,191
3,000 (Previous Year 3,000) Equity Shares of Rs.10/- each fully paid up of Jaiprakash Hydro Power Limited	<b>255,940</b>	255,940
1,046,561 (Previous Year 110,851) Equity Shares of Rs.10/- each fully paid up of Abhishek Industries Limited	<b>12,964,420</b>	758,173
200 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Punjab National Bank	<b>200,569</b>	-
1,000 (Previous Year Nil) Equity Shares of Rs.2/- each fully paid up of IVRCL Infrastructure and Projects Limited	<b>165,678</b>	-
250 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of United Spirits Limited	<b>339,390</b>	-
250 (Previous Year Nil) Equity Shares of Rs.10/- each fully paid up of Glaxosmithkline Consumer Healthcare Limited	<b>372,588</b>	-
5,000 (Previous Year Nil) Equity Shares of Rs.2/- each fully paid up of Hotel Leela Venture Limited	<b>253,209</b>	-
600 (Previous Year Nil) Equity Shares of Rs.5/- each fully paid up of Bajaj Finserv Limited	<b>195,775</b>	-
300 (Previous Year Nil) Equity Shares of Rs.5/- each fully paid up of Dr. Reddy's Laboratories Ltd.	<b>380,493</b>	-
500 (Previous Year Nil) Units of Rs.10/- each of Benchmark Mutual Fund - Nifty Bees EQ	<b>266,770</b>	-
1 (Previous Year Nil) Unit of Rs.10/- each of Benchmark Mutual Fund	<b>346</b>	-

**SCHEDULE 4 — INVESTMENTS (Continued)**

	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
500 (Previous Year Nil) Units of Rs.1.25 each of Nifty Jr Benchmark ETF <b>(UNQUOTED)</b>	<b>53,655</b>	-
204,548 (Previous Year 2,934,536) Units of Rs.10/- each of SBI Magnum Insta Cash Fund - Cash Option	<b>4,098,527</b>	57,021,555
Nil (Previous Year 7,000,000) Units of Rs.10/- each of HSBC Fixed Term Series 52 Inst Gr - Tenure 1 year	-	70,000,000
Nil (Previous Year 6,450,000) Units of Rs.10/- each of ICICI Prudential FMP Series 39 - 24 Months Plan B - Retail Growth	-	64,500,000
3,868,464 (Previous Year 57,245) Units of Rs. 10/- each of Kotak Liquid Institutional Fund - Daily Dividend - Re-investment Plan	<b>47,300,000</b>	700,000
Nil (Previous Year 1,906,498) Units of Rs.10/- each of ICICI Prudential Income Plan - Dividend Re-investment Plan	-	20,893,949
Nil (Previous Year 1,995,410) Units of Rs.10/- each of ICICI Prudential Income Plan - Dividend Payout Plan	-	20,000,000
Nil (Previous Year 1,486,435) Units of Rs.10/- each of ICICI Prudential Institutional Income Quarterly Dividend - Re-investment Plan	-	18,740,888
Nil (Previous Year 200,000) Units of Rs.100/- each of 8.65% IRFC Bonds	-	19,960,000
Nil (Previous Year 300,000) Units of Rs.100/- each of 8.90% PNB Perpetual Bonds	-	28,854,000
2,000,000 (Previous Year Nil) Units of Rs.10/- each of HDFC Fixed Maturity Plan Series XI Growth - 18 Months	<b>20,000,000</b>	-
10,933 (Previous Year Nil) Units of Rs.10/- each of Templeton India Short Term Income Retail Plain - Growth	<b>20,000,000</b>	-
3 (Previous Year Nil) Units of Rs.1,000,000/- each of 8.60% PFC Bonds	<b>3,215,162</b>	-
6 (Previous Year Nil) Units of Rs.1,000,000/- each of 8.70% Punjab & Sind Bank Bonds	<b>6,085,381</b>	-
30 (Previous Year Nil) Units of Rs.1,000,000/- each of 7.60% REC Bonds	<b>30,000,000</b>	-
43 (Previous Year Nil) Units of Rs.1,000,000/- each of 7.75% REC Bonds	<b>43,491,883</b>	-
6 (Previous Year Nil) Units of Rs.1,000,000/- each of 8.65% REC Bonds	<b>6,100,315</b>	-
5 (Previous Year Nil) Units of Rs.1,000,000/- each of 8.32% Tamilnadu Electricity Board	<b>4,943,310</b>	-
7 (Previous Year Nil) 9.35% Non-Convertible Debentures of Rs.1,000,000/- each of G E Shipping Company Limited	<b>7,096,964</b>	-
50 (Previous Year Nil) Units of Rs.1,000,000/- each of 8.90% UCO Bank Bonds	<b>50,000,000</b>	-
346,837 (Previous Year Nil) Units of Rs.10/- each of Reliance Medium Term Fund - Monthly Dividend Plan	<b>3,606,491</b>	-
5 (Previous Year Nil) Redeemable Non-Convertible Debentures of Rs.1,000,000/- each of Barclays Investments & Loans (India) Limited	<b>5,000,000</b>	-
99,699 (Previous Year Nil) Units of Rs.10/- each of HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Daily Dividend	<b>1,000,129</b>	-
	<b>272,267,911</b>	306,289,249
Less : Provision for fall in value of Investments	<b>1,215,760</b>	3,864,041
<b>Total (B)</b>	<b>271,052,151</b>	302,425,208
<b>Total (A+B)</b>	<b>1,003,659,674</b>	1,035,032,731
<b>Notes:</b>		
1. Aggregate amount of quoted investments	<b>749,687,772</b>	734,976,880
2. Aggregate amount of unquoted investments	<b>255,188,162</b>	303,920,392
3. Market value of quoted investments	<b>4,116,779,299</b>	745,956,319
4. 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.		



Vardhman

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

	As at 31.03.2010 (Amount in Rs.)	As at 31.03.2009 (Amount in Rs.)
<b>A. CURRENT ASSETS</b>		
<b>Cash and Bank Balances</b>		
a) Cash in hand	39,930	26,745
b) With Scheduled Banks		
i) In Current Accounts	2,517,433	2,728,700
ii) In Fixed Deposits	60,000,000	-
Total (A)	<u>62,557,363</u>	<u>2,755,445</u>
<b>B. LOANS AND ADVANCES (Unsecured considered good unless otherwise stated)</b>		
Advances recoverable in cash or in kind or for value to be received	79,766,259	54,633,493
Debenture Application Money	5,365,000	-
Total (B)	<u>85,131,259</u>	<u>54,633,493</u>
Total (A+B)	<u>147,688,622</u>	<u>57,388,938</u>

**SCHEDULE 6 — CURRENT LIABILITIES AND PROVISIONS**

<b>A. CURRENT LIABILITIES:</b>				
Unclaimed Dividend		426,618		336,932
Other Liabilities		1,209,943		1,019,462
Total (A)		<u>1,636,561</u>		<u>1,356,394</u>
<b>B. PROVISIONS:</b>				
Provision for Taxation (Current Tax)	38,399,968		25,999,968	
Provision for Taxation (Fringe Benefit Tax)	23,600		23,600	
Less: Prepaid Taxes	<u>38,215,391</u>	208,177	<u>27,321,204</u>	(1,297,636)
Proposed Dividend on Equity Shares	6,383,072		6,383,072	
Corporate Tax on Proposed Dividend	<u>1,060,148</u>	7,443,220	<u>1,084,803</u>	7,467,875
Total (B)		<u>7,651,397</u>		<u>6,170,239</u>
Total (A+B)		<u>9,287,958</u>		<u>7,526,633</u>

Note : Unclaimed Dividend does not include any amount due and outstanding required to be credited to the Investor 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. 822,024 (Previous Year Rs. 665,143)]	19,445,107	3,802,050
Income from Investments :		
Dividend from		
Long Term Investments		
Trade	30,805,196	61,610,392
Others	73,150	131,055
Current Investments	646,556	4,396,958
Profit on sale of Current Investments	<u>34,764,967</u>	<u>16,173,227</u>
	<u>85,734,976</u>	<u>86,113,682</u>

## SCHEDULE 8 — OTHER INCOME

	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
Provision no longer required written back	-	542
Receipt against Licence Agreement	7,500,000	7,000,000
Provision for fall in value of Investments written back	2,648,281	-
	<u>10,148,281</u>	<u>7,000,542</u>

## SCHEDULE 9 — PERSONNEL EXPENSES

Salaries and Other Allowances	250,074	135,626
Contribution to Other Funds	20,934	8
	<u>271,008</u>	<u>135,634</u>

## SCHEDULE 10 — ADMINISTRATIVE EXPENSES AND OTHER CHARGES

Rent, Rates and Taxes	285,209	308,671
Directors' Travelling	15,183	9,427
Auditors Remuneration:		
a) As Audit Fees	22,060	21,754
b) In other capacity (for certification)	20,130	-
Legal and Professional	1,754,375	435,775
Travelling and Conveyance	541	-
Printing and Stationery	86,356	100,623
Postage, Telegram and Telephones	164,997	160,366
Provision for fall in value of Investments	-	2,923,787
Loss on sale of Current Investments	6,952,392	2,730,140
Prior Period Expenses	19,762	55,561
Miscellaneous	216,114	200,905
	<u>9,537,119</u>	<u>6,947,009</u>

## SCHEDULE 11— INTEREST AND FINANCIAL EXPENSES

Bank and other charges	258,178	14,957
	<u>258,178</u>	<u>14,957</u>

## SCHEDULE 12 — 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 provisions of the Companies Act, 1956.

#### c) Use of Estimates:

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

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

## II. Notes on Accounts:

1. There is no contingent liability as at the close of the year.
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 Earnings Per Share (EPS) as disclosed in the Profit and Loss Account, has been made in accordance with Accounting Standard (AS)-20 on 'Earnings 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:-

Particulars	(Amount in Rs.)			
	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	-	48,318	-	87,922
Interest cost	-	-	-	-
Current service cost	6,520	-	4,636	-
Benefits paid / transferred	-	(48,318)	-	(87,922)
Actuarial (gain)/ loss on Obligations	12,221	-	16,284	-
Present value of obligation as at end of the year	18,741	-	20,920	-
(b) Change in Fair Value of Plan Asset :				
Fair value of Plan Assets as at beginning of the year	-	-	-	70,224
Expected return on Plan Assets	-	-	-	2,787
Contributions	-	-	-	17,698
Benefits paid / transferred	-	-	-	(90,709)
Actuarial gain/ (loss) on Obligations	-	-	-	-
Fair value of Plan Assets as at end of the year	-	-	-	-
(c) Amount recognized in Balance Sheet :				
Present value of obligations as at end of the year	18,741	-	20,920	-
Fair value of Plan Assets as at end of the year	-	-	-	-
Unfunded Liability	(18,741)	-	(20,920)	-
Present value of unfunded obligations as at end of the year	-	-	-	-
Unfunded Actuarial (gains)/ losses	-	-	-	-
Unfunded Net Asset/ (Liability) recognised in Balance Sheet.	(18,741)	-	(20,920)	-
(d) Expenses Recognized in Profit and Loss :				
Current service cost	6,520	-	4,636	-
Interest cost	-	-	-	-
Expected return on Plan Assets	-	-	-	-
Actuarial (gain)/ loss on obligations	12,221	-	16,284	-
Total expense recognised in Profit and Loss Account	18,741	-	20,920	-
(e) Investment details of Fund :				
Central Government Securities	-	-	-	-
State Government Securities	-	-	-	-
Investment in Public Sector Undertakings	-	-	-	-
Other Investments	-	-	-	-
Bank Balance	-	-	-	-
Total	-	-	-	-
(f) Principal actuarial assumption at the Balance Sheet Date (expressed as weighted average) :				
Discount Rate (per annum)	8.50%	N.A.	8.50%	N.A.
Rate of increase in compensation levels (per annum)	7.00%	N.A.	6.00%	N.A.
Rate of return on Plan Assets (per annum)	N.A.	N.A.	N.A.	N.A.
Expected Average remaining working lives of employees (years)	31.21	N.A.	31.21	N.A.
Method Used	Projected Unit Credit	N.A.	Projected Unit Credit	N.A.

(g) Other Short term employee's benefits :

(Amount in Rs.)

Particulars	Leave		LTA Encashment		Ex-Gratia	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Liability as at beginning of the year	-	12,787	-	16,062	-	11,000
Liability as at end of the year	1,963	-	6,500	-	6,500	-
Transitional Liability	-	-	-	-	-	-
Amount debited to Profit & Loss Account	1,963	-	6,500	-	6,500	-

(h) Contribution to Provident Fund : Nil (Previous Year Nil)

**6. Related Party Disclosure:**

(a) Disclosure of related parties with whom business transactions took place during the year:

1. Associates : Vardhman Textiles Limited (formerly known as Mahavir Spinning Mills Limited)

(b) Details of transactions entered into with related parties during the year as required by Accounting Standard (AS) -18 on "Related Party Disclosures" notified by the Companies (Accounting Standards) Rules, 2006 are as under :

(Amount in Rs.)

Particulars	Associates		Total	
	Current Year	Previous Year	Current Year	Previous Year
Receipt against licence agreement (excluding service tax)	5,500,000	5,000,000	5,500,000	5,000,000

7. Previous year's figures have been recast / regrouped, wherever necessary, to make these comparable with current year's figures.
8. The information required to be given pursuant to the provisions of the paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 is not applicable to the Company.
9. The company complies in all material respects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the directions issued by the Reserve Bank of India in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as applicable to it.
10. Disclosure of details as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

(Amount in Rs.)

Particulars	Current Year		Previous Year	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>Liabilities side :</b>				
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	-	-	-	-
: Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
(d) Inter-corporate loans and borrowings	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans	-	-	-	-
<b>Total</b>	-	-	-	-

Amount outstanding (Rs.)

Particulars	Current Year	Previous Year
<b>Assets side :</b>		
(2) Break-up of loans and advances including bills receivables [other than those included in (4) below] :		
(a) Secured	-	-
(b) Unsecured	85,131,259	54,633,493
<b>Total</b>	85,131,259	54,633,493



- (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	4,094,557,437	731,229,700	744,251,269	731,229,700
2. Other than related parties	277,406,228	272,429,974	303,905,126	303,803,031
<b>Total</b>	<b>4,371,963,665</b>	<b>1,003,659,674</b>	<b>1,048,156,395</b>	<b>1,035,032,731</b>

- (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 (%)	109.30	101.71
ii) CRAR - Tier I Capital (%)	109.30	101.71
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 Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

**Asset Liability Management**

**Maturity pattern of certain items 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
<b>Liabilities</b>									
Borrowings from banks	-	-	-	-	-	-	-	-	-
Market Borrowings	-	-	-	-	-	-	-	-	-
<b>Assets</b>									
Advances	0.06	-	5.34	0.14	-	0.34	-	-	8.51
Investments	-	-	-	-	-	-	-	-	100.37

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

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 <sup>st</sup> March, 2010

**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	1,153,048
Total Liabilities	1,153,048

**Sources of Funds**

Paid-up Capital	31,924
Reserves and Surplus	1,121,124
Secured Loans	Nil
Unsecured Loans	Nil

**Application of Funds**

Net Fixed Assets	10,988
Investments	1,003,660
Net Current Assets	138,401
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

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

Turnover (Including other income)	95,883
Total Expenditure	10,302
Profit before Tax	85,582
Profit after Tax	73,182
Earnings per Share (in Rs.)	22.93
Dividend Rate (%)	20

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

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

SUCHITA JAIN  
Director

SHAKUN OSWAL  
Director

Place : Ludhiana  
Dated : 6<sup>th</sup> May, 2010



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



**PROXY FORM**

I/We.....  
of.....  
in the District .....being 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 46th Annual General Meeting of the Company to be held on Monday, the 19<sup>th</sup> day of July, 2010 at 10.30 A.M. and at any adjournment thereof.  
Signed this.....day of.....2010.

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

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



**ATTENDANCE SLIP**

I hereby record my presence at the 46th Annual General Meeting of the above named Company being held at Registered Office of the Company situated at Chandigarh Road, Ludhiana, at 10.30 A.M., on Monday, the 19<sup>th</sup> day of July, 2010.

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

