



Vardhman

39th Annual Report 2011-12



VARDHMAN TEXTILES LIMITED

Emerging Trends in Indian Textile Industry



Dear Shareholders,

I am pleased to share with you my views on the changing trends witnessed in the global textile business and the approach and efforts being made in Vardhman to re-orient and adapt to the emerging trends and opportunities.

The Indian economy has shown more sluggishness, of late, than was expected earlier. But we are hopeful that new initiatives likely to be taken by the Government of India to bolster growth and attract investment will again have encouraging results. However, hope of global recovery after 2008 recession has faded somewhat due to the Euro zone debt crisis. It seems as if it will take some more time before the developed economies will show a stronger growth.

Due to the lower than average growth in these years, the consumption of fibre in the world has not increased. The cotton consumption expected to come down in the years 2011-12 compared to 2010-11. This is attributable to poor offtake in large consumption economies like US and Europe. US import data clearly discloses the decline in imports in the year 2011 and trend remains continued even for the few months of 2012. Europe also has shown decline in the imports, hit by crisis in many countries like Spain, Greece, Portugal, Ireland etc. All together I can only predict there will be unrelenting pressure on the margins in the Industry.

But at the same time there are some developments which presage for Indian Textile Industry a ray of hope for improvement in the time to come. Intra Asia trade in textiles (excluding clothing) has shown a good growth in the year 2010. This demonstrates that few Asian economies are dependent upon imports of textiles for their exports of clothing and for their domestic consumption. Bangladesh and Vietnam have increased their imports of textiles during the last 7 years manifold. It seems as if China is also looking for larger imports of textiles which may be cheaper to what they can produce while it is planning to move its own textile industry towards high value chain.

Vardhman group keeps reviewing its strategy in the light of the changes. We also adapt to changing requirements of customers by realigning our product mix and skill set. India exports 40% of its textile, so we have to be alive to what happens in the rest of world and keep making efforts to learn, adapt and improve with a spirit to create a cutting edge in competitiveness.

With best wishes,



(SHRI PAUL OSWAL)
Chairman & Managing Director

BOARD OF DIRECTORS

MR. SHRI PAUL OSWAL — *Chairman & Managing Director*
 MR. S. PADMANABHAN — *(Nominee of IDBI)*
 MR. ARUN KUMAR PURWAR
 MR. PRAFULL ANUBHAI
 DR. SUBASH KHANCHAND BIJLANI
 MR. ASHOK KUMAR KUNDRA
 MR. DARSHAN LAL SHARMA
 MR. SHRAVAN TALWAR
 MRS. SUCHITA JAIN — *Executive Director*
 MR. SACHIT JAIN — *Executive Director*
 MR. NEERAJ JAIN — *Executive Director*

CGM (FINANCE, ACCOUNTS & TAXATION)

MR. RAJEEV THAPAR

COMPANY SECRETARY

MS. KARAN KAMAL WALIA

AUDITORS

M/S S.C. VASUDEVA & CO.,
 CHARTERED ACCOUNTANTS,
 NEW DELHI

BANKERS

STATE BANK OF PATIALA, ALLAHABAD BANK
 ICICI BANK LIMITED, PUNJAB NATIONAL BANK
 STATE BANK OF INDIA, BANK OF INDIA
 CORPORATION BANK, IDBI BANK LIMITED
 CANARA BANK, STANDARD CHARTERED BANK
 STATE BANK OF HYDERABAD, STATE BANK OF MYSORE
 AXIS BANK LIMITED, EXIM BANK
 ORIENTAL BANK OF COMMERCE

REGISTRAR & TRANSFER AGENT

ALANKIT ASSIGNMENTS LIMITED, NEW DELHI

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NOTICE

Notice is hereby given that the THIRTY NINTH ANNUAL GENERAL MEETING of Vardhman Textiles Limited will be held on Saturday, the 1st day of September, 2012 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, 2012, Statement of Profit and Loss 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. Suchita Jain, who retires by rotation in accordance with Article 108 of the Articles of Association of the Company and being eligible, offers herself for re-appointment.
b) To appoint a Director in place of Dr. S.K. Bijlani, who retires by rotation in accordance with Article 108 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. Shraavan Talwar, who retires by rotation in accordance with Article 108 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2012-2013 and to fix their remuneration.

BY ORDER OF THE BOARD

PLACE : GURGAON
DATED : 9th May, 2012

(SACHIT JAIN)
EXECUTIVE 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. 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 No. 3 of the Notice is also being annexed hereto separately and forms part of the Notice.

3. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 20th August, 2012 to 1st September, 2012 (Both days inclusive).**
4. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
5. 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.
6. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
7. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.
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 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

BY ORDER OF THE BOARD

PLACE : GURGAON
DATED : 9th May, 2012

(SACHIT JAIN)
EXECUTIVE DIRECTOR



REGISTERED & CORPORATE OFFICE

CHANDIGARH ROAD, LUDHIANA-141 010.
Phones : (0161) 2228943-48
Fax : (0161) 2601048, 6701435 & 2602710
E-mail: secretarial.lud@vardhman.com
Web site: www.vardhman.com

WORKS

**ANANT SPINNING MILLS,
MANDIDEEP**

**ARIHANT SPINNING MILLS,
MALERKOTLA**

**ARISHT SPINNING MILLS,
BADDI**

**AURO DYEING,
BADDI**

**AURO SPINNING MILLS,
BADDI**

**AURO TEXTILES,
BADDI**

**AURO WEAVING MILLS,
BADDI**

**MAHAVIR SPINNING MILLS,
(GASSED MERCERISED YARN UNIT),
HOSHIARPUR**

**MAHAVIR SPINNING MILLS
(TEXTILE DIVISION), BADDI**

**VARDHMAN SPINNING AND GENERAL MILLS
(UNIT-I & II), LUDHIANA**

**VARDHMAN SPINNING MILLS,
BADDI**

**VARDHMAN FABRICS,
BUDHNI**

**VARDHMAN YARNS,
SATLAPUR**

**VARDHMAN FABRICS
(POWER DIVISION),
BUDHNI**

**VARDHMAN YARNS
(POWER DIVISION),
SATLAPUR**

BRANCHES

- P-22, 3rd Floor, Flat No.6,
C.I.T. Road, Scheme IV,
KOLKATA- 700 014.
- Chandigarh Road,
LUDHIANA- 141 010.
- 314, Solaris II, Opp. L&T Gate
No.6, Saki Vihar Road,
Andheri (East), MUMBAI- 400 072.
- 504, Dalamal House,
Nariman Point, MUMBAI- 400 021.
- 309-310, Surya Kiran Building,
19, Kasturba Gandhi Marg,
NEW DELHI- 110 001.
- 377-B, Muthuswami Industrial
Complex, Palladam Road, TIRUPUR- 638 604.
- 1st Floor, Palm Court,
Opp. Management Development Institute,
MG Road, Sector - 16,
GURGAON - 122 001.

Information Pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking re-appointment in the Annual General Meeting

Name of the Director	Mrs. Suchita Jain	Dr. S.K. Bijlani	Mr. Shravan Talwar
Date of Birth	20.03.1968	06.09.1942	17.04.1970
Date of Appointment	29.01.2010	30.03.2005	29.01.2010
Expertise in specific functional area	Rich experience of more than 19 years in Textile Industry.	Industrial & Business experience of more than 33 years.	Business Executive having rich experience of more than 12 years in the field of Strategic Planning, marketing and Restructuring of Business Operations.
Qualification	M.Com	B.Tech, PGDC in Mgt & Finance.	B.A. (Computational and Applied Maths and Economics), M.B.A.
Directorships of Other Companies as on 31 st March, 2012	<ol style="list-style-type: none"> 1. Syracuse Investment & Trading Company (P) Limited 2. Srestha Holdings Limited 3. Anklesh Investments (P) Limited 4. Pradeep Mercantile Company (P) Limited 5. Plaza Trading Company (P) Limited 6. Marshall Investment & Trading Company (P) Limited 7. Santon Finance & Investment Company Limited 8. Flamingo Finance & Investment Company Limited 9. Ramaniya Finance & Investment Company Limited 10. Vardhman Spinning and General Mills Limited 11. Vardhman Holding Limited 12. Vardhman Special Steels Limited 	<ol style="list-style-type: none"> 1. Magnus Consulting (P) Limited 2. Punjab Information and Communication Technology Corporation Limited 3. Max India Limited 	<ol style="list-style-type: none"> 1. Moolchand Healthcare (P) Limited 2. Destiny Health (P) Limited 3. Moolchand Healthcare Foundation
Chairman/ Member of Committees of Other Companies as on 31 st March, 2012	Investor's Grievance Committee: 1. Vardhman Special Steels Limited (Member)		
No. of shares held	2,61,334	NIL	NIL
Relationship with other Director(s)	Mr. S.P. Oswal is the Father and Mr. Sachit Jain is the husband of Mrs. Suchita Jain.	Not related to any Director	Not related to any Director

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 39th Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended, 31st March, 2012.

1. FINANCIAL RESULTS:

The Financial Results for the year are as under :-

PARTICULARS	2011-2012	2010-2011
		(₹ in Crore)
Revenue from operations	3,918.00	3,606.81
Profit before Depreciation, Interest & Tax (PBDIT)	553.36	944.45
Interest and Financial expenses	173.22	109.81
Profit before Depreciation and Tax (PBDT)	380.13	834.64
Depreciation	234.67	226.02
Profit before Tax (PBT)	145.46	608.61
Provision for Tax - Current (Including tax adjustment of previous year)	29.75	112.21
- Deferred Tax (Net of Adjustment)	6.04	5.07
Tax effect (Premium on redemption of FCCBs)	-	10.09
Tax expense of discontinuing operations	-	11.54
Profit after Tax (PAT)	109.67	469.70
Corporate Dividend Tax written back	1.38	1.23
Balance brought forward	243.88	131.36
Adjustment of preceding years tax effect in respect of premium paid on redemption of FCCB	-	(25.12)
Balance available for appropriation	354.94	577.17
Appropriations:		
Proposed dividend on:		
-Equity shares	28.64	28.64
-Corporate Dividend Tax	4.65	4.65
Transfer to General Reserve	150.00	300.00
Closing Balance of Surplus i.e. Balance in Statement of Profit & Loss	306.64	243.89
Earning per share (₹)		
- Basic	17.23	78.06
- Diluted	17.23	78.06
Dividend per share (₹)	4.50	4.50

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A) BUSINESS REVIEW:

Economic Outlook

The global economy is struggling for revival of growth after experiencing weak performance in the second half of 2011 and first quarter of 2012. However, there are serious downsides risks emanating from the uncertainties in economic policies prescribed by EU and restrained fiscal expansionary policies by USA. The short fall in global demand attributed by tough economic conditions in developed countries has not been compensated by surge in domestic demand in emerging economies.

In such situation, the global economy is projected to grow at 3.5% in 2012 and 4.1% in 2013. In developed

countries block, USA is projected to record 2% economic growth followed by 2.4% in 2013 whereas, EU may experience a mild recession in 2012 and output may shrink by 0.3% before growing by less than 1% in the following year. The emerging and developing economies are also expected to experience lower growth of 5.7% in 2012 against 6.2% in 2011 and may grow by 6% in 2013. China is projected to grow by 8.2% in 2012, which is lower as compared to years 2010 and 2011. India is also projected to grow by 6% and about 7% in 2012 and 2013 respectively. However, this growth projection is not unconditional. It is subject to major disruptions in world financial markets especially in EU, which can spill over to developing countries banking system also because of high leveraged banks and greater cross border exposure of banking system.

In addition to global pressures on Indian economic performance, structural problems related to infrastructure, lower productivity levels and lack of policy reforms are other major concern areas. Moreover, higher inflationary pressures are also resulting in tighter monetary policies thereby restricting the industrial growth in India.

Cotton

The global cotton price which is largely a function of global demand and supply of cotton has been influenced by factors other than actual user demand and overall supply of cotton in 2011-12. The Chinese policy of accumulating cotton for strategic reserves and occasional policy decisions of Indian Government in relation to export of cotton has caused much volatility in cotton prices. The Cotlook Index -A for the year 2011-12 was 102 US cents /lbs in comparison to 164 US cents/lbs in 2010-11.

The global cotton production is estimated at 27.16 million tons in 2011-12, which is expected to decline to 24.9 million tons in 2012-13 due to lower area under cotton cultivation in sync with moderation in global cotton prices to an extent. The global mill consumption of cotton is estimated at 22.7 million tons in 2011-12 and is projected to grow moderately in 2012-13.

Yarn

Financial year 2011-12 was a year rampant with nervousness and unpredictability, which was not a conducive environment for business. The ban on the exports of cotton yarn in January, 2011 seriously impacted the industry and there was accumulation of inventory till end of March, 2011. The Government announced its new policy on export of Cotton Yarn in first week of April, 2011 and yarn export was brought under Open General Licence. As a result, the yarn prices moved in a wide range for the first half of the year. Most of the textile mills, particularly which are predominantly spinning, suffered losses including losses incurred by the writing down of the stock of cotton and yarn held by the end of June, 2011. However, it was only in the second half that things showed some signs of stabilization.

All India yarn production was lower by an estimated 15% due to (i) Power crisis in the South (ii) Huge inventory losses as referred above resulting in severe shortage of working capital availability to some companies (iii) Acute labour shortage across India (iv) Sharp fall in yarn prices as compared to last year propelling voluntary cut in production.

However, this year production is expected to increase even though margins are expected to be on the lower side only. There is also a noticeable trend of increasing value addition in products. The removal of trade barriers with Bangladesh is yet to show any impact on the Indian Industry.

Overall the year is expected to be more stable due to expectation that cotton will be much less volatile than last year. Growth of the industry will hinge on recovery in the global economy although Indian demand is expected to increase at a relatively moderate rate.

Company's Future Outlook

The expansion project of 2nd line of fabric processing in Budhni plant is expected to be completed by July end and ramp up of the capacity will continue for every subsequent month. It is expected that during 4th quarter, the Company will get full benefit of the expansion. Also, the weaving project of 200 looms shall see partial commissioning starting from August, 2012.

The depreciation of the rupee should help in absorbing the rising cost of power and labour to keep the industry competitive.

B) FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

• Production & Sales Review:

During the year under review, your Company has registered Revenue from Operations of ₹ 3,918.00 crore as compared to ₹ 3,606.81 crore showing an increase of 8.63% over previous year. The exports of the Company increased from ₹1,218.26 crore to ₹1,603.08 crore, showing an increase of 31.59% over the previous year owing to enhanced production and better product/market penetration. The business wise performance is as under:-

a). Yarn:

The production of Yarn increased from 130,858 MT to 138,046 MT during the year 2011-12. The sales revenue of yarn increased from ₹ 2,036.27 crore to ₹ 2,421.77 crore during the year under review.

b). Fabric:

During the year, the production of fabric (grey and processed) was 187.12 million meter as compared to 189.52 million meter in the previous year. The sales revenue of the fabric (grey and processed) increased from ₹1,071.27 crore to ₹1,199.81 crore showing an increase of 11.25% over the previous year.

- **Profitability:**

The Company earned profit before depreciation, interest and tax of ₹ 553.36 crore as against ₹ 944.45 in the previous year. After providing for depreciation of ₹ 234.67 crore (Previous year ₹ 226.02 crore), interest & finance cost of ₹173.22 Crores (Previous Year ₹109.81 Crore), provision for tax ₹ 29.75 crore (Previous year ₹111.54 crore), provision for deferred tax (net of adjustments) ₹ 6.04 crore (previous year ₹ 5.07 crore), the net profit from operations worked out to ₹109.67 crore as compared to ₹ 469.70 crore in the previous year.

- **Resources Utilisation:**

- a). **Fixed Assets:**

The fixed assets (including work-in-progress) as at 31st March, 2012 were ₹ 2,377.06 crore as compared to ₹ 2,239.75 crore in the previous year.

- b). **Current Assets:**

The current assets as on 31st March, 2012 were ₹ 2,391.28 crore as against ₹ 2,725.08 crore in the previous year. Inventory level was at ₹ 1,315.23 crore as compared to the previous year level of ₹1,598.39 crore.

- **Financial Conditions & Liquidity:**

The Company enjoys a rating of "AA/stable" from Credit Rating Information Services of India (CRISIL) for long term borrowings and "A1+" for short term borrowings respectively. Management believes that the Company's liquidity and capital resources should be sufficient to meet its expected working capital needs and other anticipated cash requirements. The position of liquidity and capital resources of the Company is given below:-

(₹ in crore)

	2011-2012	2010-2011
Cash and Cash equivalents:		
Beginning of the year	48.74	222.07
End of the year	58.42	48.74
Net cash provided (used) by:		
Operating Activities	930.16	(24.12)
Investing Activities	(503.46)	(327.45)
Financial Activities	(417.02)	182.62
Transfer to VSSL on Demerger	-	(4.38)

C) 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 it measures the efficiency, adequacy and effectiveness of other controls in the organization. All significant issues are brought to the attention of the Audit Committee of the Board.

D) MANAGEMENT PERCEPTION OF RISK AND CONCERN:

One of the key challenges to the textile industry is related to raw material prices mainly cotton prices which has seen very steep fall in 2011-12 after rising very sharply in the buying season and the same is still volatile creating uncertainties for textile manufacturers.

The second important challenge is rising energy prices which could adversely impact the profitability of textile mills. The third main issue for the textile industry is the non-availability of manpower coupled with high labour cost prevailing in the country.

We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements, imparting training to the workforce on a continued basis, process improvements and improved customer services to mitigate the growing cost pressure.

E) HUMAN RESOURCES/INDUSTRIAL RELATIONS:

The Company continues to lay emphasis on building and sustaining an excellent organizational climate based on human performance. Performance Management is the key word for the Company. During the year, the Company employed around 26,000 employees.

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

3. SUBSIDIARIES:

The Company has following subsidiary companies, the details of profitability of which are given below:-

VMT Spinning Company Limited (VMT)

Business of this subsidiary of the Company which is a Joint Venture with Marubeni Corporation, Marubeni HongKong and South China Limited and Toho Tenax Limited of Japan slumped due to steep fall in cotton prices during the year. The Revenue from operations of the Company has increased to ₹144.51 crore from ₹129.17 crore in the last year. The Company incurred a net loss of ₹1.87 crores as against a net profit of ₹14.66 crore in the previous year. Out of the total present paid-up capital of ₹ 20.70 crore, your Company holds 73.33%. The Board of Directors of VMT has recommended a dividend @ 5% i.e. ₹ 0.50 per equity share for the year 2011-12.

VTL Investments Limited (VTL)

This 100% subsidiary of your Company is engaged with the business of investments in the shares etc. The earnings of the Company mainly comes from the dividend/interest earned on its investments and profits made on sale of investments. During the year, the Company has earned a net profit of ₹1.51 crores.

Vardhman Acrylics Limited (VAL)

Vardhman Acrylics Limited (VAL) is another subsidiary of the Company which is engaged in the business of manufacturing of Acrylic Fibre. Presently the Company holds 58.74% shares in this subsidiary. During the Financial Year 2011-12, VAL recorded Revenue from operations of ₹ 390.14 crore as against ₹ 398.87 crore, a fall of 2.19% over the previous year. The net profit for the year has decreased to ₹ 24.49 crore from ₹ 37.64 crore in the previous year.

Vardhman Yarns & Threads Limited (VYTL)

This subsidiary of the Company, a Joint Venture with American & Efird, Global LLC (A&E), is engaged in the business of manufacturing and distribution of Threads. The Company has a joint venture partnership of 51:49 with A&E, which is the second largest global player in Threads manufacturing and distribution. During the year under review, the Revenue from Operations were ₹ 464.69 crore as against ₹ 427.65 crore in the previous year registering an increase of 8.66%. The Net Profit for the year was ₹39.70 crore as compared to ₹ 49.31 crore during last year. The Board of Directors of this Company has recommended a dividend @ 23% i.e. ₹ 2.30 per equity share for the year 2011-12.

Vardhman Nisshinbo Garments Company Limited (VNGL)

This subsidiary of the Company is a Joint Venture partnership in ratio of 51:49 with Nisshinbo Textiles Inc., Japan for manufacturing world class men's shirts. During the year, the Revenue from Operations of the Company was ₹ 7.43 crore as compared to ₹ 0.01 crore in the previous year. The Company incurred a net loss of ₹ 4.24 crore as against ₹1.99 crore in the previous year as its operations are still stabilizing.

4. DIVIDEND:

The Board of Directors of your Company has recommended dividend of ₹ 4.50 /- per share on the Fully Paid-up Equity Shares of the Company.

5. DIRECTORS:

Mrs. Suchita Jain, Dr. S.K. Bijlani and Mr. Shravan Talwar, Directors of the Company, retire by rotation at the

conclusion of the forthcoming Annual General Meeting, pursuant to the provisions of Article 108 of the Articles of Association of the Company and being eligible, offer themselves for re-appointment. The Board recommended their appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

6. CORPORATE GOVERNANCE:

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

7. 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.

8. AUDITORS' REPORT:

The Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended March 31, 2012. In their report, they have made an observation that loss, if any, on valuation of open derivative options could not be determined by the Company due to certain reasons as specified in Note 36 of the Notes to Financial Statements. The ultimate outcome of these transactions and their effect on these accounts cannot be ascertained at this stage.

As you are aware that a part of revenue of your Company comes from export sales and the Company is also having exposure towards imports and as such Company has foreign currency fluctuation exposure. The Company also hedges its foreign currency fluctuation exposure by way of foreign currency derivative options. The Company has taken various USD/INR options from banks. As at March 31, 2012, there are 10 options (Previous Year 15) against exports and 1 option (Previous Year 5) against Imports having a maturity period up to February, 2016 (Previous Year January 2016). These derivative options are proprietary products of banks which do not have a ready market and are not tradeable in the open market. These options are marked to a model, which is bank specific instead of being marked to market. In view of the significant uncertainty associated with the above derivative options, the ultimate outcome of which depends on future events which are not under the direct control of the Company, the resultant gain/loss if any, on such open derivative options cannot be determined at this

stage and has accordingly not been accounted for in the books of account. The other points of Auditors' Report are self-explanatory and needs no comments.

9. COST AUDITORS:

The Board of Directors has re-appointed M/s. Ramanath Iyer & Company, Cost Accountants, New Delhi as the Cost Auditors of the Company under Section 233B of the Companies Act, 1956, read with Cost Audit Rules, 2011, for the year 2012-13. The Cost Auditors' Report for the financial year 2011-12 will be forwarded to the Central Government as required under law.

10. STATEMENT OF PARTICULARS OF EMPLOYEES:

A Statement of Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 is enclosed and forms part of this report.

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

Energy conservation continues to be an area of major emphasis in your Company. Efforts are made to optimize the energy cost while carrying out the manufacturing operations. 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 annexed hereto and form part of this report.

12. 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;

- a. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on 31st March, 2012;
- b. 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
- c. the annual accounts have been prepared on a going concern basis.

13. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, Bankers and Business Constituents for their continued and valuable co-operation and support to the Company. They also take this opportunity to express their deep appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year.

FOR AND ON BEHALF OF THE BOARD

(S.P. OSWAL)

PLACE : GURGAON
DATED : 9th May, 2012

CHAIRMAN &
MANAGING DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012:

I. CONSERVATION OF ENERGY:

All the units have taken various measures in conservation of energy. The thrust is to measure the existing system parameters and then implement improvements. Emphasis is also given to optimise the operation of various equipments which also lead to energy conservation.

The desired information is enclosed herewith

Conservation measure taken, proposed measures being implemented for reduction of consumption of energy and consequent impact thereof on the cost of production of goods in Vardhman Textiles Limited for the year 2011-12:

Sr. No.	Measures taken	Saving amount (₹ in lacs)	Energy savings (In lacs Units)
		192.59	42.93
1.	Replacement of old Distribution Transformers with Energy Efficient transformers, installation of Harmonic Filter Panels, Installation of Variable Frequency Drives, replacement of old & re-wound motors with Energy Efficient Motors, replacement of derated & defective Capacitors, Water system for process & colony, Machine automation, Compressed air system		

FORM-A:

PARTICULARS	U.O.M.	Total (Cy) 2011-12	Total (Cy) 2010-11	B) CONSUMPTION PER UNIT OF PRODUCTION:	
(A) POWER AND FUEL CONSUMPTION:				1. Yarn (Cotton & Acrylic):	
1. Electricity:				(KWH/KG)	
a) Purchased:				Kg./Kg	
Units	(KWH in lacs)	4,594.82	4,974.94		4.23
Total Amount	(₹ In lacs)	22,157.06	21,389.31		3.74
Rate Per Unit	₹/KWH	4.82	4.30		2.11
				Kg./Kg	5.86
					10.02
(B) Own Generation				2. Fabric :	
Through Diesel Generator				Kwh/Mtr	0.84
Units	(KWH in lacs)	67.64	198.11	Kwh/Mtr	0.47
Unit/Ltr. of Diesel	KWH	3.71	3.72	(Kg./Mtr)	0.55
Cost Per Unit	₹/KWH	9.24	8.49	(Kg./Mtr)	4.28
					4.23
(C) Own Generation from STG				3. Steel Billets/Ingots :	
Units	(KWH in lacs)	3,051.71	3,066.03	(KWH/MT)	-
Value	(₹in lacs)	12,819.62	11,445.66	(Ltr/MT)	-
Cost Per Unit	₹/KWH	4.20	3.73		895.02
					8.53
2. Coal (Used In Boiler) :				4. Rolled Steel :	
Quantity	MT	324,170.43	364,654.26	(Kwh/MT)	-
Total Cost	(₹in lacs)	10,161.89	10,380.37	(Ltr/MT)	-
Average Rate	(₹/MT)	3,134.74	2,846.63		87.45
					46.69
3. Oil (Ldo/Hdp/Rfo/Hps) :					
(Used In Boiler)					
Quantity	(K. Ltrs.)	245.48	655.93		
Total Cost	(₹in lacs)	82.80	170.88		
Average Rate	(₹/Litre)	33.73	26.05		
4. Others (Husk Used In Boiler) :					
Quantity	MT	77,614.22	68,573.99		
Total Cost	(₹in lacs)	3,417.54	2,749.00		
Average Rate	(₹/MT)	4,403.24	4,008.80		
5. Others (Steam consumption) :					
Quantity	MT	38,8128.46	346,849.47		
Total Cost	(₹in lacs)	4,232.57	3,337.95		
Average Rate	(₹/MT)	1,090.51	962.36		

II. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished in Form-B as enclosed herewith: -

Form-B:**A) RESEARCH AND DEVELOPMENT (R&D):****1. Specific areas in which Research & Development is carried out by the Company:**

Research & Development is carried out for development of new products and for improvement in the production process and quality of products. The Company has been able to pioneer the launch of new products that have been successful in the market due to its R&D efforts.

2. Benefits derived as a result of R & D:

The Company has been continuously improving the quality of its existing products and entered into new products and also been able to reduce the cost of production.

3. Future Course of action:

Management is committed to strengthen R & D activities further to improve its competitiveness in times to come.

4. Expenditure on R & D:

	(₹ in lacs)	
	2011-12	2010-11
Capital	319.84	145.90
Recurring	59.02	37.67
Total	378.86	183.57
Total R & D expenditure as a Percentage of turnover is	0.097%	0.051%

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**1. Efforts made:**

The Company is continuously making efforts for adaptation of latest technology in all its units. The

Company has also created specific cells for studying and analysing the existing processes for further improvement.

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

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

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:**Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans are given hereunder:**

- Exports of Yarns diversified into new Markets with continuous growth.
- Focus on Exports of Value Added Products continued and the contribution of Value Added Products in Total Exports for financial year 2011-12 is around 22%.
- Continuously enhanced the sale of more environment friendly yarns.
- Achieved 19% growth in exports in quantity terms over the last financial year.
- Targeting the same level of growth in the next financial year.

Total Foreign Exchange earned and used:

	(₹ in crore)	
	2011-12	2010-11
a). Earnings (FOB value of Exports, commission earned)	1,603.08	1,218.26
b). Outgo (CIF value of Imports and expenditure in foreign currency)	303.31	330.77

STATEMENT OF PARTICULARS OF EMPLOYEES

INFORMATION REQUIRED AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.

(A) PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN ₹60,00,000/- PER ANNUM

S. No.	Name of Employee	Designation/Nature of duties	Remuneration (In ₹lac)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last Employment
1.	Mr. S.P. Oswal	Chairman & Managing Director	378.34	M.Com	70	45	01.06.2005	Chairman and Managing Director (Vardhman Spinning and General Mills Limited)

CORPORATE GOVERNANCE REPORT

This report on corporate governance forms part of the Annual Report. Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensure that a Company meets its obligations to optimize shareholders' value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. Your Company is committed on adopting the best practices of Corporate Governance as manifested in the Company's functioning to achieve the business excellence by enhancing long-term shareholders' value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities is hallmark of the best practices followed by the Company. This report on Corporate Governance, besides being in compliance of the mandatory Listing Agreement, gives an insight into the functioning of the Company.

1. COMPANY'S PHILOSOPHY:

- ❖ Faith in bright future of Indian textiles and hence continued expansion in areas "which we know best".
- ❖ Total customer focus in all operational areas.
- ❖ Products to be of best available quality for premium market segments through TQM and zero defect implementation.
- ❖ Global orientation targeting - at least 20% production for exports.
- ❖ Integrated diversification/ product range expansion.
- ❖ World class manufacturing facilities with most modern R & D and process technology.
- ❖ Faith in individual potential and respect for human values.
- ❖ Encouraging innovation for constant improvements to achieve excellence in all functional areas.
- ❖ Accepting change as a way of life.
- ❖ Appreciating our role as a responsible corporate citizen.

2. BOARD OF DIRECTORS:

i) Board Meetings:

During the financial year 2011-2012, the Board met 6 times on the following dates:

- 9th May, 2011 - 12th November, 2011
- 6th August, 2011 - 23rd January, 2012
- 5th October, 2011 - 20th March, 2012

ii) Composition as on March 31st, 2012:

The Board of Directors comprises of a Chairman & Managing Director, three Executive Directors and seven Non-Executive Directors including one Nominee Director. Out of the total strength of 11 directors, 6 directors are independent, thus it meets the stipulated requirement.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at last Annual General Meeting of the Company and also the number of Directorship/Chairmanship in other Indian Public Limited Companies are as follows:

Name of Director	Designation & Category	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in other Companies	No. of Committee Memberships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanship in other Companies
Shri S.P. Oswal	Chairman and Managing Director	6	Yes	12	-	5	-
Mr. Arun Kumar Purwar	Non-Executive Independent Director	3	No	10	9	2	4
Mr. Neeraj Jain	Executive Director	5	No	3	-	-	-
Mr. Prafull Anubhai Shah	Non-Executive Independent Director	6	Yes	4	7	1	2
Dr. S.K. Bijlani	Non-Executive Independent Director	2	No	2	-	-	-
Mr. Sachit Jain	Executive Director	4	Yes	13	3	1	3
Mr. D.L. Sharma	Non-Executive Non-Independent Director	5	Yes	5	5	1	-
Mr. A. K Kundra	Non-Executive Independent Director	6	No	2	1	1	1
Mrs. Suchita Jain	Executive Director	3	No	7	1	-	-
Mr. Shravan Talwar	Non-Executive Independent Director	3	No	-	-	-	-
Mr. S. Padmanabhan	Non-Executive Independent Director	6	No	-	-	-	-

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

3. AUDIT COMMITTEE:

As at 31st March, 2012, the Audit Committee comprised of 5 Directors i.e. Mr. Prafull Anubhai, Mr. A.K Kundra, Mr. D.L. Sharma, Dr. S.K. Bijlani and Mr. Shravan Talwar. Mr. Prafull Anubhai is the Chairman of the Committee. The terms of reference of the Audit Committee are as contained in section 292A of the Companies Act, 1956, and also as contained in Corporate Governance Clause of the Listing Agreement.

The Audit Committee met four times during the financial year 2011-2012 on the following dates:

- 9th May, 2011
- 12th November, 2011
- 6th August, 2011
- 23rd January, 2012.

The attendance of present and past members of the Audit Committee during the financial year 2011-2012 is given below: -

Committee Members	Category	No. of Audit Committee Meetings Attended
Mr. Prafull Anubhai	Non-Executive Director	4
Dr. S.K. Bijlani	Non-Executive Director	2
Mr. A.K Kundra	Non-Executive Director	4
Mr. D.L Sharma	Non-Executive Director	4
Mr. Shravan Talwar	Non-Executive Director	2

4. DIRECTORS' REMUNERATION:

i) Chairman and Managing Director/Executive Directors:

The Company pays remuneration to Chairman and Managing Director and to the Executive Directors as approved by the Board of Directors and the Members of the Company in the General Meeting.

A detail of remuneration paid to the Directors during the year 2011-2012 is as given below:

(₹ in lac)

Name	Designation	Salary	Perquisites & allowances	P.F. Contribution	Commission	Gross remuneration
Mr. S.P. Oswal	Chairman & Managing Director	41.25	30.03	4.95	302.11	378.34
Mr. Sachit Jain	Executive Director	22.80	9.08	2.70	16.87	51.45
Mrs. Suchita Jain	Executive Director	16.20	10.00	1.90	11.93	40.03
Mr. Neeraj Jain	Executive Director	13.56	9.49	1.59	9.94	34.58

ii) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board and Committee Meetings.

The detail of sitting fees paid to the Non-Executive Directors during the Financial Year 2011-12 is given hereunder: -

S.No.	Name of Director	Sitting Fee (₹)
1.	Mr. Prafull Anubhai	1,30,000
2.	Mr. A.K. Kundra	1,40,000
3.	Dr. S.K. Bijlani	50,000
4.	Mr. S.Padmanabhan (IDBI Nominee)	90,000
5.	Mr. A.K. Purwar	45,000
6.	Mr. Shravan Talwar	65,000

5. SHAREHOLDING OF DIRECTORS AS ON 31ST MARCH, 2012

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

<u>Name of Directors</u>	<u>Number of Shares held</u>
Mr. S.P. Oswal	643,156
Mrs. Suchita Jain	261,334
Mr. Sachit Jain	40,005

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

**6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:**

The Investors' Grievance Committee constituted by the Company looks into the redressal of investors' complaints on various issues.

As at 31st March, 2012 the Investors' Grievance Committee comprised of Mr. A.K. Kundra, Mr. D.L. Sharma and Mr. Sachit Jain. The Shareholders'/ Investors' Grievance Committee met once during the year on 28th March, 2012.

During the financial year 2011-2012, the Company has received 110 complaints related to non-receipt of dividend, bonus shares, annual report and transfer of shares, etc. All the complaints have been duly resolved by the Company and there is no pendency in respect of shares received for transfer during 2011-2012 except those that are disputed/sub-judice.

7. GENERAL BODY MEETINGS:

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

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
38th Annual General Meeting for the Financial year ended 31 st March, 2011.	Saturday, 23rd July, 2011 at 10.00 a.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010	Nil
37th Annual General Meeting for the Financial year ended 31 st March, 2010.	Saturday, 17th July, 2010 at 10.00 a.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010	1
36th Annual General Meeting for the Financial year ended 31 st March, 2009.	Saturday, 25th July, 2009 at 12.00 noon	Regd. Office, Chandigarh Road, Ludhiana- 141010.	Nil

The Company has not passed any resolution through postal ballot, during the financial year 2011-2012. No resolution is proposed to be passed by postal ballot in the forthcoming Annual General Meeting.

8. DISCLOSURES:

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

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

9. MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Reports, publication of financial results, press releases in leading newspapers and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges and the Registrar of Companies. The Quarterly Financial Results are published in prominent daily newspapers viz., "Business Standard" and "Desh Sewak". The Financial Results of the Company are also made available at the Company's web-site www.vardhman.com.

GENERAL INFORMATION FOR SHAREHOLDERS**i) 39th Annual General Meeting**

Date	: 1 st September, 2012
Time	: 5.00 p.m.
Venue	: Regd. Office, Chandigarh Road, Ludhiana-141 010.

ii) Financial Calendar 2012-2013 (Tentative)

First Quarter Results	: July, 2012
Second Quarter Results	: October, 2012
Third Quarter Results	: January, 2013
Annual Results	: May, 2013

- iii) **Dates of Book Closure** : 20th August, 2012 to 1st September, 2012 (both days inclusive)
- iv) **Dividend payment date** : Within 30 days after declaration.
- v) **Listing** : The securities of the Company are listed on the following Stock Exchanges: -
 1. The Bombay Stock Exchange Limited, Mumbai (BSE), 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai-400 001.
 2. The National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai.

- The Company has duly paid the listing fee to both the aforesaid Stock Exchanges for the financial year 2012-13.

vi) Stock Code :

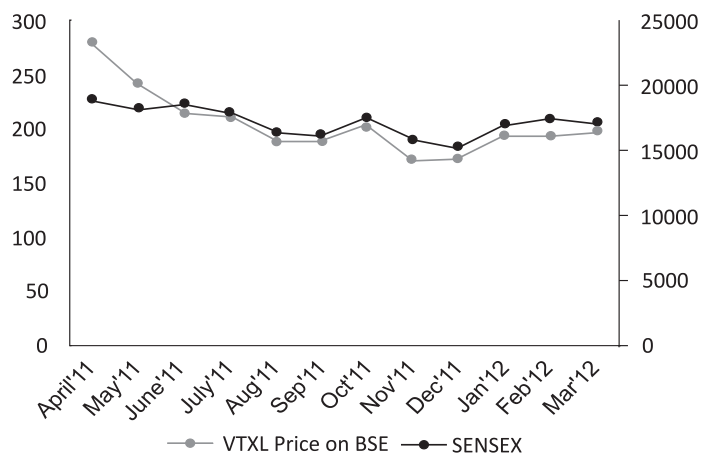
- The Bombay Stock Exchange Limited, Mumbai : 502986
- The National Stock Exchange of India Limited : VTL

vii) Stock Market Data :

(a) The month-wise highest, lowest and closing stock prices vis-a-vis BSE Sensex during the financial year 2011-12 is given below: -

Financial Year 2011-12	NSE				BSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing	Highest	Lowest	Closing	%age change over last month's closing
April	298.00	259.00	281.05	-8.60	299.00	257.00	281.75	8.82
May	291.90	232.05	243.40	-13.40	284.85	234.10	243.30	-13.64
June	251.80	201.00	217.25	-10.74	252.00	202.00	217.40	-10.80
July	233.00	213.00	215.35	-0.87	233.45	213.00	215.30	-0.96
August	220.00	166.00	191.05	-11.28	218.65	167.45	191.20	-11.19
September	201.00	182.05	192.20	0.60	197.00	183.10	191.20	0.00
October	208.5	180.00	205.65	6.99	209.60	185.05	205.95	7.71
November	216.85	167.90	173.05	-15.85	217.60	170.00	173.50	-15.75
December	184.40	155.30	174.75	0.98	182.75	155.30	174.75	0.72
January	207.90	164.00	196.25	12.30	212.60	164.65	196.15	12.24
February	229.90	192.00	198.30	1.04	221.00	190.00	197.15	0.50
March	207.75	186.30	201.15	1.44	207.95	187.00	199.75	1.31

(b) Share Price Movement - Vardhman Textiles Limited Price (VTXL) on BSE Vs BSE Sensex during the year 2011-12.



viii) Information regarding Dividend Payment:

- a) Dividends remaining unpaid/unclaimed upto the financial year 2003-2004 have been transferred to the Investors' Education and Protection Fund (IEPF). Further, pursuant to the provisions of Section 205A read with Section 205C of the Companies Act, 1956, dividend declared in the financial year 2004-2005 and onwards, which remains unpaid/unclaimed for a period of 7 years, is required to be transferred to the IEPF. It may be noted that no claim will lie against the Company or the "Fund" in respect of the said unclaimed dividend amount so transferred to the "Fund". Accordingly, Members who have not claimed their dividend for the financial year 2004-2005 and onwards are requested to make their claim to the Company immediately.
- b) The Company provides the facility of paying dividend through Electronic Clearing Service (ECS). Members who wish to avail this facility should give necessary directions to Depository Participants (in case shares are held in demat form) or to the Registrar & Transfer Agent of the Company (in case shares are held in physical form).

ix) Registrar & Transfer Agent:

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

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

x) Share Transfer System:

The Company has constituted a Share Transfer Committee of its directors. The Committee meets on an average once in 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 demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) of the Company is **INE 825 A01012**.

xi) Distribution of Shareholding as on 31st March, 2012:

RANGE No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of Total Holders	% to Total Holders	Number of Shares Held	% to Total Shares
Upto-500	21,175	89.38	2,408,791	3.78
501-1000	1,335	5.64	942,146	1.48
1001-2000	575	2.43	822,942	1.29
2001-3000	176	0.74	443,617	0.70
3001-4000	69	0.29	242,804	0.38
4001-5000	57	0.24	262,742	0.41
5001-10000	118	0.50	871,991	1.37
10001- above	186	0.79	57,656,846	90.58
Total	23,691	100	63,651,879	100

xii) Dematerialisation of shares:

As on 31st March, 2012, 97.80 % of the capital comprising 6,22,50,269 shares, out of total of 6,36,51,879 shares, were dematerialized.

xiii) Plant Locations:

- Anant Spinning Mills,
New Industrial Area,
Mandideep-462 046
- Arihant Spinning Mills
Industrial Area,
Malerkotla-148 023
- Arisht Spinning Mills ,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205.
- Auro Spinning Mills,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205.
- Auro Dyeing,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205.
- Auro Weaving Mills,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.) - 173 205.
- Auro Textiles,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205
- Mahavir Spinning Mills
(Gassed Mercerised Yarn Unit)
Phagwara Road,
Hoshiarpur-146 001
- Mahavir Spinning Mills
(Textile Division) Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205
- Vardhman Spinning Mills,
Vill. Baddi, Teh. Nalagarh,
Distt. Solan (H.P.)- 173 205
- Vardhman Spinning and General Mills
(Unit-I&II),
Chandigarh Road,
Ludhiana-141 010.
- Vardhman Fabrics
Budhni, Distt. Sehore (M.P.)
- Vardhman Yarns
Satlapur, Distt. Raisen (M.P.)
- Vardhman Fabrics (Power Division)
Budhni, Distt. Sehore (M.P.)
- Vardhman Yarns (Power Division)
Satlapur, Distt. Raisen (M.P.)

xiv) Address for correspondence:

Registered office : Chandigarh Road, Ludhiana-141010
 Tel : 0161-2228943-48
 Fax : 0161-2601048, 6701435 & 2602710
 E-mail : secretarial.lud@vardhman.com
 (Exclusively for redressal of investors' grievances)



Chairman & Managing Director's declaration

I, S.P. Oswal, Chairman & Managing Director of Vardhman Textiles Limited declare that all Board Members and Senior Management personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2012.

PLACE : GURGAON
DATED : 9th May, 2012

(S.P. Oswal)
Chairman & Managing Director

Auditors' Certificate on Compliance of Corporate Governance Under Corporate Governance Clause of the Listing Agreement(s)

To
The Members of
Vardhman Textiles Limited

We have examined the compliance of the conditions of Corporate Governance by Vardhman Textiles Limited for the year ended on 31st March, 2012, 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 : NEW DELHI
DATED: 9th May, 2012

(SANJIV MOHAN)
PARTNER
Membership No. 86066

AUDITORS' REPORT

To
The Shareholders,
Vardhman Textiles Limited

1. We have audited the attached Balance Sheet of Vardhman Textiles Limited as at 31st March, 2012, and also the statement of profit and loss and the cash flow statement of the Company 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. These 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 the 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 (Auditor's 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 enclose in the annexure a statement on the matters specified in paragraph 4 and 5 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Companies Act; 1956.
 - e) on the basis of the written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2012 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956; and
 - f) *As indicated in note- 36 in Notes to accounts there is significant uncertainty associated with the derivative options referred to in the said note, resolution of which is dependant upon future events which are not under the direct control of the Company, on account of*

which the Company could not determine the possible loss, if any, on valuation of open derivative options. The ultimate outcome of these future events and their affect on the financial statements cannot be ascertained at this stage.

Subject to above, 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 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, 2012;
- ii) in the case of Statement of Profit and Loss, 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 Regn No.: 000235N**

**(SANJIV MOHAN)
PARTNER**

**PLACE : NEW DELHI
DATED: 9th May, 2012**

M. 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 its fixed assets.
- b) According to the information and explanations given to us, the Company has adopted a policy of physically verifying the fixed assets once in every three years. Pursuant to the said policy, the Company has physically verified the entire block of land, buildings and vehicles during the year. No discrepancies were noticed on such physical verification. Further, 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) In our opinion and 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) a) According to the information and explanations given to us, inventories have been physically verified by

- the management during the year. In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of Inventories as compared to book records were not material and have been dealt properly within the books of account.
- (iii) a) The Company has not granted secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of paragraph 4 (iii) (b) (c) and (d) of the above said order are not applicable to the Company.
- b) The Company has during the year taken unsecured loans from twelve companies covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transactions is ₹ 4217.05 lacs. The amount payable as at the close of the year is ₹ 1947.30 lacs.
- c) According to the information and explanations given to us, the rate of interest and other terms and conditions in respect of unsecured loan taken by the Company, are not prima-facie prejudicial to the interest of the Company.
- d) In our opinion and according to the information and explanations given to us, the payment of principal amount and interest in respect of the aforesaid loan was regular.
- (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 inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) In our opinion and according to information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
- (b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding Rupees five lacs or more in respect of the party during the year, have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.
- (vi) According to the information and explanations given to us the Company has complied with 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 with regard to deposits accepted from the public. According to the information given to us, 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 and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess 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, 2012, 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 ₹ 3,46,88,884/- that have not been deposited on account of matters pending before the appellate authorities in respect of sales tax, custom duty, service tax and excise duty are given on the next page:

Nature of Dues/ Name of Statute	Disputed Amount (₹)	Forum where Dispute is pending
Sales Tax/Central Tax		
M.P. Vat Act, 2002	5,145,532	Asstt. Commissioner Circle-2, Bhopal
The Maharashtra Sales Tax Act, 1956	179,691	Deputy Commissioner of Sales Tax, Mumbai
M. P. VAT Act, 2002	1,447,063	Asstt. Commissioner Commercial Tax, Ratlam
The Punjab VAT Act, 2005	82,500	Joint Director (Enforcement), Patiala
M.P. Commercial Tax Act, 1994	52,137	Commercial Tax Appellate Board, Bhopal
Excise/Custom Duty		
Central Excise Act, 1944	16,157,082	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	10,835,845	Hon'ble Supreme Court, New Delhi
Central Excise Act, 1944	17,378	Asstt. Commissioner Central Excise, Ludhiana
Service tax		
Service Tax Act, 1994	169,547	Commissioner (Appeals), Central Excise, Chandigarh
Service Tax Act, 1994	604,109	Custom, Excise & Service Tax Appellate Tribunal, New Delhi

According to the information and explanations given to us there are no disputed dues in respect of wealth tax and cess and in respect of income tax, disputed dues have been deposited with the income tax department.

- (x) The Company does not have accumulated losses as at 31st March 2012. The latter part of the question relating to net worth is thus not applicable to the Company. Further, the Company has not incurred cash losses during the financial year covered under audit and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (xii) 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 the clause 4 (xii) of the above said 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 above said order are not applicable to the Company.

- (xiv) According to the information and explanations given to us, the Company has not dealt or traded in share, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the above said order are not applicable to the Company.
- (xv) The Company has not given guarantees for loans taken by others from banks. Therefore provisions of clause 4(xv) of above said order are not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purpose for which they were obtained.
- (xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment.
- (xviii) 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 above said order are not applicable to the Company.
- (xx) The Company has not raised any money by way of public issue during the year. Accordingly, the provisions of clause 4 (xx) of the above said order are not applicable to the Company.
- (xxi) According to the information and explanations given to us by the management and based upon the audit procedures performed, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S.C. VASUDEVA & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No.: 000235N**

**(SANJIV MOHAN)
PARTNER**

**PLACE : NEW DELHI
DATED: 9th May, 2012**

MEMBERSHIP NO. 86066

**BALANCE SHEET as at 31st March, 2012**

Particulars	Note No.	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	6,365.19	6,365.19
(b) Reserves and surplus	4	193,236.58	185,460.96
		<u>199,601.77</u>	<u>191,826.15</u>
(2) Non-current liabilities			
(a) Long-term borrowings	5	192,702.73	181,796.25
(b) Deferred tax liabilities (net)	6	20,285.23	19,680.53
(c) Other long term liabilities	7	258.02	325.98
(d) Long-term provisions	8	380.96	322.17
		<u>213,626.94</u>	<u>202,124.93</u>
(3) Current liabilities			
(a) Short-term borrowings	9	51,153.57	86,468.33
(b) Trade payables	10	8,368.21	8,320.63
(c) Other current liabilities	11	41,547.30	30,573.82
(d) Short-term provisions	12	3,702.78	3,835.29
		<u>104,771.86</u>	<u>129,198.07</u>
TOTAL		<u>518,000.57</u>	<u>523,149.15</u>
II ASSETS			
(1) Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		219,393.55	212,382.29
(ii) Intangible assets		121.58	183.40
(iii) Capital work-in-progress		18,191.22	11,408.88
		<u>237,706.35</u>	<u>223,974.57</u>
(b) Non-current investments	14	34,419.84	21,823.71
(c) Long-term loans and advances	15	6,744.16	4,839.81
(d) Other non-current assets	16	2.04	2.67
		<u>278,872.39</u>	<u>250,640.76</u>
(2) Current assets			
(a) Current investments	17	17,051.94	13,441.07
(b) Inventories	18	131,523.09	159,839.46
(c) Trade receivables	19	53,683.02	48,957.60
(d) Cash and bank balances	20	5,841.58	4,874.32
(e) Short-term loans and advances	21	29,242.04	43,608.99
(f) Other current assets	22	1,786.51	1,786.95
		<u>239,128.18</u>	<u>272,508.39</u>
TOTAL		<u>518,000.57</u>	<u>523,149.15</u>

See accompanying notes forming part of the financial statements

1- 51

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

For and on behalf of the Board of Directors

SANJIV MOHAN
Partner
(M.No. 86066)

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman & Managing Director

PLACE : NEW DELHI
DATED : 9th MAY, 2012

PLACE : GURGAON
DATED : 9th MAY, 2012

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2012

Particulars	Note No.	For the year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
(i) Revenue from operations (gross)	23	391,945.67	363,696.23
Less : Excise duty		145.52	3,015.07
Revenue from operations (net)		391,800.15	360,681.16
(ii) Other income	24	6,057.07	4,323.80
(iii) Total revenue (i) + (ii)		397,857.22	365,004.96
(iv) Expenses :			
Cost of materials consumed	25	218,649.12	181,485.48
Purchase of stock-in-trade	26	4,486.41	5,562.74
Changes in inventories of finished goods and work-in-progress and stock-in-trade	27	12,690.49	(21,517.75)
Employee benefits expense	28	22,112.99	20,792.74
Finance costs	29	17,322.27	10,981.22
Depreciation and amortization expense	13	23,467.18	22,602.36
Other expenses	30	84,582.67	84,236.97
Total expenses		383,311.13	304,143.76
(v) Profit before tax (iii) - (iv)		14,546.09	60,861.20
(vi) Profit for the period from continuing operations before tax		14,546.09	57,386.99
(vii) Tax expense :			
- Current tax expense for current year	2,975.00		11,154.17
- Current tax expense relating to prior years	(0.21)		66.38
- Tax effect (premium on redemption of FCCBs)	-		1,009.31
- Deferred tax	604.70	3,579.49	506.50
(viii) Profit for the period from continuing operations after tax (vi) - (vii)		10,966.60	44,650.63
(ix) Profit from discontinuing operations before tax		-	3,474.21
(x) Tax expense of discontinuing operations		-	1,154.35
(xi) Profit from discontinuing operations after tax (ix) - (x)		-	2,319.86
(xii) Profit for the year (viii) + (xi)		10,966.60	46,970.49
Earnings per equity share (of ₹ 10/- each)			
Basic :			
(i) Continuing operations		17.23	74.21
(ii) Total operations		17.23	78.06
Diluted :			
(i) Continuing operations		17.23	74.21
(ii) Total operations		17.23	78.06
See accompanying notes forming part of the financial statements	1-51		

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

SANJIV MOHAN
Partner
(M.No. 86066)

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman & Managing Director

PLACE : NEW DELHI
DATED : 9th MAY, 2012

PLACE : GURGAON
DATED : 9th MAY, 2012



CASH FLOW STATEMENT for the year ended 31st March, 2012

Particulars	For the year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before extraordinary items and tax	14,546.09	60,861.20
Adjustments for :		
Depreciation/amortisation	23,467.18	22,602.36
Interest expense	18,226.55	13,091.05
Interest income	(1,957.20)	(2,619.97)
Dividend income	(1,487.43)	(1,259.59)
(Profit)/Loss on sale of assets (net)	(382.97)	(100.70)
(Profit)/Loss on sale of investments (net)	(535.68)	(889.41)
Provision no longer required written back (net)	(343.62)	(74.09)
Bad debts written off	57.21	278.13
Provision for doubtful debts (net)	132.35	260.37
Provision for fall in value of Investments	-	110.08
Provision for fall in value of investments written back	(25.45)	-
Exchange rate fluctuation	-	425.98
	37,150.94	
Changes in Working Capital	51,697.03	
Adjustments for :		
(Increase)/Decrease in trade and other receivables	8,749.75	(33,354.62)
(Increase)/Decrease in Inventories	28,316.36	(57,885.50)
Increase/(Decrease) in trade payables and other liabilities	7,099.62	9,334.77
	44,165.73	(81,905.35)
Cash Generation from operations	95,862.76	10,780.06
Net Income taxes paid	(2,846.94)	(13,192.41)
Net cash flow from/ (used in) operating activities	93,015.82	(2,412.35)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(39,095.98)	(30,291.97)
Proceeds from sale of fixed assets	988.37	356.81
Purchase of investments	(24,606.78)	(375,610.80)
Proceeds from sale of investments	8,960.90	369,173.83
Interest received		
- subsidiaries	23.72	36.09
- others	1,896.20	2,331.78
Dividend received		
- subsidiaries	850.82	743.25
- others	636.61	516.35
Net Cash used in investing activities	(50,346.14)	(32,744.66)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (net of expenses)	-	19,669.10
Proceeds from long term borrowings(net)	15,336.42	7,100.10
Proceeds/ (Repayment) from short term borrowings (net)		
- subsidiaries	(3,065.68)	(5,068.97)
- others	(32,249.08)	48,895.92
Repayment of Zero Coupon Foreign Currency Convertible Bonds	-	(37,267.21)
Dividend paid (including taxes)	(3,188.63)	(1,889.02)
Interest paid	(18,535.45)	(13,177.48)
Net Cash from/(used in) financing activities	(41,702.42)	18,262.44
Net Increase in cash and cash equivalents	967.26	(16,894.57)
Less : Transferred to VSSL on de-merger	-	(438.11)
Cash and cash equivalents at the beginning of the year	4,874.32	22,207.00
Cash and cash equivalents at the end of the year	5,841.58	4,874.32
Bank balances not considered as cash and cash equivalents	2.04	2.67
See accompanying notes forming part of the financial statements		

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

For and on behalf of the Board of Directors

SANJIV MOHAN
Partner
(M.No. 86066)

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman & Managing Director

PLACE : NEW DELHI
DATED : 9th MAY, 2012

PLACE : GURGAON
DATED : 9th MAY, 2012

Notes to Financial Statements for the year ended 31st March, 2012

1. CORPORATE INFORMATION

Vardhman Textiles Limited (The Company) is a public company incorporated under the provisions of the Companies Act, 1956 on 8th October, 1973. The name of the company at its incorporation was Mahavir Spinning Mills Limited and subsequently changed to Vardhman Textiles Limited on 5th September, 2006. The company is engaged in manufacturing of Cotton yarn, Synthetic yarn & Woven fabric.

2. SIGNIFICANT ACCOUNTING POLICIES :

a) Basis of preparation of financial statements:

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

b) Use of Estimates:

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

c) Revenue Recognition:

i) Sales:

Revenue from sale of goods is recognized:

- a) When all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

ii) Export Incentives:

Revenue in respect of the export incentives is recognized on post export basis.

iii) Interest:

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

iv) Dividend:

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

v) Insurance and Other Claims:

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

d) Employees Benefits:

(a) Short Term Employee Benefits:

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of profit and loss of the year in which the related service is rendered.

(b) Post Employment Benefits:

i) Defined Contribution Plans:

(1.1) 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 recognized as an expense in the statement of profit and loss.

Notes to Financial Statements for the year ended 31st March, 2012

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.

e) **Fixed Assets:**

- i. Fixed Assets are stated at historical cost less accumulated depreciation.
- ii. Cost of fixed assets comprises its purchase price and any attributable expenditure (both direct and indirect) for bringing an asset to its working condition for its intended use.

f) **Intangible Assets:**

Intangible assets are stated at cost less accumulated amount of amortization.

g) **Depreciation:**

- i) Depreciation on all assets except computers is provided on straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956. In case of computers, depreciation is provided on systematic basis to each accounting period during the estimated useful life thereof.
- ii) Depreciation on assets costing ₹ 5000/- or below is charged @ 100% per annum on proportionate basis.

h) **Amortization:**

- i) Intangible assets are amortized on straight line method over their estimated useful life.
- ii) Right to use Power Lines is amortised on straight line method over their estimated useful life.

i) **Investments:**

Long term Investments are carried at cost less provision for diminution, other than temporary, in the value of investment. Current investments are carried at lower of cost and fair value.

j) **Inventories:**

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- In case of raw materials at weighted average cost plus direct expenses.
- In case of stores and spares at weighted average cost plus direct expenses.
- In case of work in progress at raw material cost plus conversion costs depending upon the stage of completion.
- In case of finished goods at raw material cost plus conversion costs, packing cost, excise duty (if applicable) and other overheads incurred to bring the goods to their present location and condition.

k) **Cenvat Credit:**

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

l) **Subsidy:**

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

m) **Borrowing Costs:**

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

n) **Segment Information:**

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

Notes to Financial Statements for the year ended 31st March, 2012**o) Operating Leases:**

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

p) Foreign Currency Transaction:

- i) Foreign currency transactions are recorded on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognized as income or expense in the period in which they arise.
- (iii) The premium or discount arising at the inception of forward exchange contract is amortized as an expense or income over the life of the contract. Exchange difference on such a contract is recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Profit or loss arising on cancellation or renewal of such contract is recognized as income or expense in the period in which such profit or loss arises.
- (iv) The exchange difference to the extent of loss, arising on forward contracts to hedge the transactions in the nature of firm commitments and/or highly probable forecast transactions is recognised in the statement of Profit and Loss. The profit, if any arising thereon is ignored.

q) Accounting for Taxes on Income:

The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current Tax is the aggregate amount of income-tax determined to be payable in respect of taxable income for a period. Deferred tax is the tax effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

r) Earning per Share:

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

s) Impairment of Assets:

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

t) Cash flow statement:

The cash flow statement has been in accordance with the Accounting Standard (AS) - 3 on "Cash flow statements" issued by the Companies (Accounting Standard) Rules, 2006.

(u) Provision and Contingent Liabilities:

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

Notes to Financial Statements for the year ended 31st March, 2012
3. Share capital

	As at 31 st March, 2012		As at 31 st March, 2011	
	Number (in lacs)	(₹ in lacs)	Number (in lacs)	(₹ in lacs)
Authorised				
Equity shares of ₹10/- each (par value)	900.00	9,000.00	900.00	9,000.00
Redeemable cumulative preference shares of ₹10/- each (par value)	100.00	1,000.00	100.00	1,000.00
Total	1,000.00	10,000.00	1,000.00	10,000.00
Issued, subscribed and fully paid-up				
Equity shares of ₹10/- each	636.52	6,365.19	636.52	6,365.19
Total	636.52	6,365.19	636.52	6,365.19

a. Reconciliation of the Number of shares and amount outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31 st March, 2012		As at 31 st March, 2011	
	Number (in lacs)	(₹ in lacs)	Number (in lacs)	(₹ in lacs)
At the beginning of the reporting period	636.52	6,365.19	577.70	5,776.95
Add: Issued during the reporting period	-	-	58.82	588.24
Outstanding at the end of the reporting period	636.52	6,365.19	636.52	6,365.19

b. Rights, preferences and restrictions attached to equity shares

The company has one class of equity shares having a par value of ₹10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2012 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 4.50 per share (Previous Year: ₹ 4.50). The rate of dividend for redeemable cumulative preference shares is decided by the board of directors as and when issued.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company or its ultimate holding company or subsidiaries or associates of the holding company or the ultimate holding company in aggregate.

There is no holding or ultimate holding company of the company.

d. Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of five years immediately preceding the reporting date.

	Aggregate number of shares as at 31 st March, 2012 (in lacs)	Aggregate number of shares as at 31 st March, 2011 (in lacs)
Equity shares allotted as fully paid up by way of bonus shares	-	-
Equity shares allotted as fully paid up pursuant to contract (s) without payment being received in cash	-	-
Equity Shares bought back by the Company	-	-

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

Class of shares and Name of shareholder Equity shares of ₹10/- each fully paid	As at 31 st March, 2012		As at 31 st March, 2011	
	Number (in Lacs)	% shareholding	Number (in Lacs)	% shareholding
Devakar Investment and Trading Company Private Limited	55.41	8.70	55.41	8.70
Adinath Investment and Trading Company	126.13	19.80	126.13	19.80
Vardhman Holdings Limited	154.03	24.20	154.03	24.20

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

Notes to Financial Statements for the year ended 31st March, 2012

4. Reserves and surplus

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Capital Reserve*	379.33	379.33
Securities Premium Account		
Balance as per the last financial statements	20,990.54	1,427.12
Add: Amount received during the year	-	19,411.76
Add: Adjustment of tax effect of premium on redemption of FCCBs	-	2,511.74
Less: Utilised for providing for the premium payable for the year on redemption of Zero Coupon Foreign Currency Convertible Bonds (FCCBs) (net of tax)	-	2,029.18
Less: utilised for expenses on QIP Issue	-	330.90
Closing Balance	20,990.54	20,990.54
General Reserve		
Balance as per the last financial statements	139,702.34	124,866.00
Less: Transferred to VSSL pursuant to scheme of arrangement and demerger (Refer Note No 42)	-	15,163.66
Add: Transferred from surplus in the statement of profit and loss	1,500.00	30,000.00
Closing Balance	141,202.34	139,702.34
Surplus i.e. balance in the Statement of Profit and Loss		
Balance as per the last financial statements	24,388.75	13,135.56
Add: Profit for the period transferred from statement of profit and loss	10,966.60	46,970.49
Add: Corporate dividend tax written back	138.02	123.44
Less: Adjustment of tax effect in respect of premium paid on redemption of FCCB	-	2,511.74
Less: Appropriations	2,864.33	2,864.33
Proposed equity dividend (amount per share ₹ 4.50 (previous year ₹ 4.50))		
Tax on dividend	464.67	464.67
Transferred to general reserve	1,500.00	30,000.00
Closing Balance	30,664.37	24,388.75
Total	193,236.58	185,460.96

* The capital reserve includes ₹ 255.00 lacs (Previous Year: ₹ 255.00 lacs) being the amount of capital subsidy received on account of government grant from respective state governments treated as promoter contribution for setting up of new industrial projects.

5. Long-term borrowings

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Term loans (Secured) :		
- From banks	192,702.73	181,796.08
Deposits (Unsecured) :		
- From public	-	0.17
Total	192,702.73	181,796.25

a). Details of security for term loans

Term loans from banks are secured by mortgage created or to be created on all the immovable assets of the company, both present and future and hypothecation of all movable assets including movable machinery, machinery parts, tools and accessories and other movable both present and future (except book debts), subject to charges created or to be created in favour of the bankers for securing the working capital limits.



Notes to Financial Statements for the year ended 31st March, 2012

b). Terms of repayment of term loans*

As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)	Repayment Period from origination (years)	Installments outstanding as on 31 st March, 2012	
			No.	Periodicity
15,350.00	-	5.0	20	Quarterly
426.02	1,756.16	8.0	1	Quarterly
1,012.50	2,325.00	8.0	2	Quarterly
900.80	1,173.22	8.0	5	Quarterly
14,350.00	15,150.00	8.0	13	Quarterly
4,272.32	4,667.36	8.0	14	Quarterly
4,018.66	4,409.86	8.0	15	Quarterly
12,600.00	13,200.00	8.0	16	Quarterly
65,902.26	71,621.62	8.0	17	Quarterly
14,428.26	15,533.94	8.0	18	Quarterly
16,700.00	17,885.00	8.0	19	Quarterly
3,440.00	3,660.00	8.0	20	Quarterly
17,700.00	18,500.00	8.0	21	Quarterly
1,940.00	2,000.00	8.0	29	Quarterly
14,700.00	11,300.00	8.0	30	Quarterly
21,300.00	10,200.00	8.0	32	Quarterly
3,025.00	3,325.00	8.0	37	Monthly
212,065.82	196,707.16			

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

6. Deferred tax liabilities (net)

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting period	21,109.58	20,504.88
Gross deferred tax liability	<u>21,109.58</u>	<u>20,504.88</u>
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	824.35	824.35
Gross deferred tax asset	<u>824.35</u>	<u>824.35</u>
Deferred tax liability (Net)	<u>20,285.23</u>	<u>19,680.53</u>

7. Other long-term liabilities

Other liabilities		
-Retention money	11.39	47.29
-Security payable	7.79	24.97
-Building cess	106.90	74.57
-Employee deposits	61.70	69.14
-Others	70.24	110.01
Total	<u>258.02</u>	<u>325.98</u>

8. Long-term provisions

Provision for employee benefits :		
- Leave encashment	380.96	322.17
Total	<u>380.96</u>	<u>322.17</u>

Notes to Financial Statements for the year ended 31st March, 2012

9. Short-term borrowings

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Loans repayable on demand		
- From banks (secured)	47,585.92	79,838.75
- From related parties (unsecured)	3,567.65	6,629.58
Total	<u>51,153.57</u>	<u>86,468.33</u>

Details of security for working capital borrowings

Working capital borrowings from banks are secured by way of hypothecation of entire present and future tangible current assets of the company as well as a second charge on the entire present and future fixed assets of the company.

Terms of repayment of loans repayable on demand

- i) From banks are repayable on demand and carries interest @ 12.25% to 13.25% p.a.
- ii) From related parties carries interest @ 9.25% to 10% p.a.

10. Trade payables

Trade payables		
- Dues to others (refer note 40)	8,368.21	7,908.38
- Dues to related parties (refer note 43)	-	412.25
Total	<u>8,368.21</u>	<u>8,320.63</u>

11. Other current liabilities

Current maturities of long-term debt* (refer note 5b)	19,365.06	14,935.12
Interest accrued but not due on borrowings	316.73	624.97
Interest accrued and due on borrowings	0.38	1.05
Income received in advance	10.00	-
Unpaid dividends #	124.93	122.58
Other payables		
- Statutory remittances**	1,454.47	1,323.96
- Retention money	570.07	328.75
- Expenses payable	8,530.43	7,796.29
- Payables on purchase of fixed assets	2,295.80	1,069.97
- Advances from customers	6,795.61	2,610.93
- Due to employees	2,083.82	1,760.20
Total	<u>41,547.30</u>	<u>30,573.82</u>

* Current maturities of Long-term debt includes deposits from public amounting to ₹ 1.90 lacs(Previous Year : ₹ 23.98 lacs)

** Statutory remittance includes contribution to provident fund and ESIC, tax deducted at source, excise duty, vat, service tax etc.

Unpaid dividends do not include any amount due and outstanding required to be credited to the Investors' Education and Protection Fund.

12. Short-term provisions

Provision for employee benefits :		
- Leave encashment	73.29	48.90
- Gratuity	300.49	457.39
Provision for proposed dividend on equity shares	2,864.33	2,864.33
Provision for tax on proposed dividend	464.67	464.67
Total	<u>3,702.78</u>	<u>3,835.29</u>

Notes to Financial Statements for the year ended 31st March, 2012
13. Fixed Assets

Particulars	Original Cost			Depreciation and Amortization			Net Block	
	Balance as at 1 April, 2011	Transferred to VSSL on De-merger	Balance as at 1 April, 2011	Transferred to VSSL on De-merger	Eliminated on disposal of assets	Other adjustments	Balance as at 31 st March, 2012	Balance as at 31 March, 2011
Tangible Assets:								
Free-hold Land	5,245.28	-	394.40	70.79	-	-	-	5,245.28
Leasehold Land	829.30	-	-	-	-	8.15 **	48.40	789.05
Buildings	60,444.33 #	-	4,803.36	21.72	9,914.03	3.90	11,479.04	50,530.30
Plant and Equipment	296,187.82	-	25,230.01	1,826.51	142,168.91	1,621.98	161,984.59	154,018.91
Furniture and Fixtures	1,466.93	-	118.72	6.60	833.69	4.61	945.07	633.24
Vehicles	901.54	-	197.70	49.86	340.22	84.41	394.11	561.32
Office equipment	1,758.88	-	213.69	8.58	1,154.69	135.88	1,268.26	604.19
Total (A)	366,834.08	-	30,957.88	1,984.06	154,451.79	23,345.52	176,119.47	212,382.29
Intangible Assets:								
Computer Softwares	298.06	-	63.87	-	265.34	15.37	280.71	32.72
Right to use Power lines	1,085.62	-	0.27	-	934.94	106.29	1,041.23	150.68
Total (B)	1,383.68	-	64.14	-	1,200.28	121.66	1,321.94	183.40
Grand Total (A+B)	368,217.76	-	31,022.02	1,984.06	155,652.07	23,467.18	177,441.41	212,565.69
Previous Year	357,101.87	8,333.92	20,554.97	521.95	138,863.16	22,602.36	155,652.07	212,565.69

Notes:

- # Includes ₹ 248.20 lacs (Previous Year ₹ 248.20 lacs) cost of Residential flats at Mandideep, the land cost of which has not been excluded from this cost. The depreciation for the year has been taken on the entire cost of ₹ 248.20 lacs (Previous Year ₹ 248.20 lacs).
- ** Represents proportionate premium for acquisition of leasehold land being amortised over the period of lease.
- Freehold land includes ₹ 417.59 lacs (Previous Year ₹ 417.59 lacs) for the cost of land at Baddi, (Himachal Pradesh) for which title deeds are yet to be executed in favour of the Company, though the possession thereof has been taken by the company.
- Freehold land includes ₹ Nil (Previous Year ₹ 11.00 lacs) for the cost of land at Budhni, (Madhya Pradesh) for which title deeds are yet to be executed in favour of the Company, though the possession thereof has been taken by the company.
- Buildings includes ₹ Nil (Previous Year ₹ 21.72 Lacs) for the cost of Leasehold Building at Ludhiana, (Punjab).
- Plant and Machinery includes ₹ Nil (Previous Year ₹ Nil) and Building includes ₹ Nil (Previous Year ₹ Nil) for the amount allocated out of Project and Pre-operative Expenses.
- Borrowing cost amounting to ₹ Nil (Previous Year ₹ Nil) has been capitalized during the year.
- Depreciation for the year includes net depreciation of ₹ (+) 99 lacs (Previous Year ₹ (+) 21.91 lac) pertaining to earlier years.
- Intangible Assets are not internally generated.

Notes to Financial Statements for the year ended 31st March, 2012

14. Non-current investments

(Long term investments)

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
I TRADE INVESTMENTS (at cost)		
Investment in equity instruments		
a. Investment in subsidiaries (quoted)		
6,37,53,661 (Previous year: 6,37,53,661)		
Equity shares of ₹10/- each fully paid up of Vardhman Acrylics Limited	5,802.74	5,802.74
b. Investment in associates (unquoted)		
- 3,00,000 (Previous year: 3,00,000) Equity shares of ₹10/- each fully paid-up of Vardhman Textile Components Limited	30.00	30.00
- 25,000 (Previous year: 25,000) Equity shares of ₹10/- each fully paid-up of Vardhman Spinning & General Mills Limited	2.50	2.50
- 58,25,000 (Previous year: 58,25,000) Equity shares of ₹10/- each fully paid up of Vardhman Special Steels Limited	582.50	-
c. Investment in subsidiaries (unquoted)		
- 1,51,80,060 (Previous year: 1,51,80,060) Equity shares of ₹10/- each fully paid up of VMT Spinning Company Limited	1,518.01	1,518.01
- 40,00,000 (Previous year: 40,00,000) Equity shares of ₹10/- each fully paid up of VTL Investments Limited	403.50	403.50
- 2,90,72,240 (Previous year: 2,90,72,240) Equity shares of ₹10/- each fully paid up of Vardhman Yarns & Threads Limited	12,747.16	12,747.16
- 71,40,000 (Previous year: 71,40,000) Equity shares of ₹10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited	714.00	714.00
- 58,25,000 (Previous year: 58,25,000) Equity shares of ₹10/- each fully paid up of Vardhman Special Steels Limited	-	582.50
II OTHER INVESTMENTS (at cost)		
Investment in equity instruments (unquoted)		
- 4,495 (Previous year: 4,495) Equity shares of ₹10/- each fully paid-up of Shreshtha Holdings Ltd., 80 (Previous year 80) shares of ₹50/- each fully paid-up in the Valencia Co-operative Housing Society Limited, Mumbai and 5 (Previous year: 5) shares of Dalamal House Commercial Complex Society Ltd, Mumbai	0.45	0.45
- 41,000 (Previous Year: 41,000) Equity-Shares of ₹10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)	4.10	4.10
- 1,40,625 (Previous year: 1,87,500) Equity shares of ₹10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited	14.06	18.75
Investment in mutual funds (quoted)		
Fixed maturity plans/Debt Funds		
- 50,000,000 (Previous year: Nil) Units of ₹10/- each of Kotak FMP series 84- Growth	5,000.00	-
- 25,000,000 (Previous year: Nil) Units of ₹10/- each of ICICI Prudential FMP series 63	2,500.00	-
- 15,000,000 (Previous year: Nil) Units of ₹10/- each of UTI fixed maturity plan-Yearly FMP series : Institutional growth	1,500.00	-
- 11,008,200 (Previous year: Nil) Units of ₹10/- each of UTI fixed maturity plan-Yearly FMP series : YFMP (03/12) Growth plan	1,100.82	-
- 25,000,000 (Previous year: Nil) Units of ₹10/- each of SBI Debt Fund Series-13 months-Growth	2,500.00	-
Total	34,419.84	21,823.71
1. Aggregate amount of quoted investments	18,403.56	5,802.74
2. Aggregate Market value of quoted investments	17,115.59	6,152.23
3. Aggregate amount of unquoted investments	16,016.28	16,020.97
4. Aggregate provision for diminution in value of investments	-	-



Notes to Financial Statements for the year ended 31st March, 2012

15. Long-term loans and advances

	As at 31 st March 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
(unsecured, considered good)		
Capital advances	3,947.51	2,655.88
Security deposits	1,519.93	1,202.03
Other loans and advances :		
- Loans to employees	72.61	78.71
- Prepaid expenses	65.90	20.84
- Other recoverable	81.20	239.32
- Balance with government authorities	1,057.01	643.03
Total	6,744.16	4,839.81

16. Other non-current assets

(unsecured, considered good)		
Non current bank balances	2.04	2.67
Total	2.04	2.67

17. Current investments

	As at 31 st March 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Current investments (valued at lower of cost and fair value)		
Investment in Equity instruments (quoted)		
- 1,69,120 (Previous year: 1,69,120)		
Equity shares of ₹10/- each fully paid up of Industrial Development Bank of India Limited	89.32	89.32
- 6,909 (Previous year: 6,909)		
Equity shares of ₹10/- each fully paid up of Moil Limited	25.91	25.91
Less : Provision for diminution in value of Investments	8.59	0.16
	<u>17.32</u>	<u>25.75</u>
	106.64	115.07
Investment in Mutual Funds (quoted)		
- Nil (Previous year: 1,00,000)		
Units of ₹10/- each of SBI PSU Fund	-	10.00
- 5,000,000 (Previous year: 5,000,000)		
Units of ₹10/- each of SBI Debt Fund Series - 180 Days-11 Dividend	500.00	500.00
- Nil (Previous year: 25,000,000)		
Units of ₹10/- each of Kotak FMP 370 Days Series 9	-	2,500.00
	<u>500.00</u>	<u>3,010.00</u>
Investment in Debentures or Bonds (quoted)		
- 1,000,000 (Previous year: 1,000,000)		
Units of ₹100/- each of 9.75% Trent 30/06/2017	1,016.09	1,016.09
Less : Provision for diminution in value of Investments	13.84	27.25
- 50 (Previous year: 50) units of ₹10,00,000/- each of DB Cholamandalam Bonds Non Convertible Debenture	500.35	512.77

Notes to Financial Statements for the year ended 31st March, 2012

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
- Nil (Previous year: 1,000,000) Units of ₹100/- each of 9.98% ICICI Perpetual Bonds	-	1,050.53
Less : Provision for diminution in value of Investments	-	48.16
- 200 (Previous year: 200) Units of ₹10,00,000/- each of 9.90% Perpetual Bonds of Yes Bank	2,000.00	2,000.00
Less : Provision for diminution in value of Investments	48.00	35.14
- 500,000 (Previous year: 500,000) Units of ₹100/- each of Non Convertible Debentures of Ballarpur Industries Ltd	507.83	507.83
Less : Provision for diminution in value of Investments	16.94	16.09
	3,945.49	4,960.58
Investment in Mutual Funds (unquoted)		
Liquid Funds		
- Nil (Previous year: 4,692,809) Units of ₹10/- each of Templeton India Short Term Income Plan Mutual Fund	-	500.00
- Nil (Previous year: 1,00,00,000) Units of ₹10/- each of UTI Liquid Mutual Fund	-	1,000.00
- 10,00,000 (Previous year: Nil) Units of ₹1000/- each of SBI Liquid Mutual Fund	10,004.47	-
- 2,000,095 (Previous year: Nil) Units of ₹100/- each of Birla Sun Life Floating Rate Fund	2,000.50	-
- Nil (Previous year: 4,179,892) Units of ₹10/- each of SBI Liquid Mutual Fund	-	700.14
	12,004.97	2,200.14
Investment in Debentures or Bonds (unquoted)		
- 20 (Previous year: 20) Redeemable Debentures of ₹10,00,000/- each of Sky Deck Properties and Developers Private Limited	204.52	204.52
Less : Provision for diminution in value of Investments	13.99	-
- 25 (Previous year: 25) Redeemable Non-Convertible Debentures of ₹1,000,000/- each of Barclays Investments & Loans (India) Ltd	250.00	250.00
	440.53	454.52
Investments under Portfolio management services		
Investment in Debentures or Bonds (quoted)		
- Nil (Previous year: 70,000) Units of ₹100/- each of 10% Punj Lloyd Ltd Bonds	-	77.03
- 50,000 (Previous year 2,44,000) Units of ₹100/- each of 10.75% DPSC Bonds 03/11/2018	53.31	246.08



Notes to Financial Statements for the year ended 31st March, 2012

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
- Nil (Previous year: 6,20,000) Units of ₹100/- each of 11.35% Tata Motors Finance Limited Perpetual Bonds	-	632.15
- Nil (Previous year: 30,000) Units of ₹100/- each of 7.45% LIC Housing Bonds 21/07/2012	-	30.61
- Nil (Previous year: 30,000) Units of ₹100/- each of 7.50% WSPF Bonds 09/096/2020	-	31.15
- Nil (Previous year: 610,000) Units of ₹100/- each of Aircel CP 30/05/2011	-	573.62
- Nil (Previous year: 4,324,750) Units of ₹100/- each of IFCI Deep Discount Bonds 07/07/2036	-	387.50
Investment in Certificate of Deposits (quoted)		
- Nil (Previous year: 755,000) Units of ₹100/- each of OBC CD 21/12/2011	-	689.62
Investment in Liquid Funds / Debt Funds/ Monthly Income Plans (unquoted)		
- Nil (Previous year: 269,949) Units of ₹100/- each of Kotak Liquid Institutional Fund Daily Dividend Re-investment Plan	-	33.00
- 100 (Previous year Nil) Units of ₹1000/- each of Morgan Stanley Liquid Fund- daily dividend	1.00	-
	54.31	2,700.76
Grand Total	17,051.94	13,441.07
1. Aggregate amount of quoted investments	4,692.81	10,880.21
2. Aggregate Market Value of quoted investments	5,345.29	11,111.58
3. Aggregate amount of unquoted investments	12,460.49	2,687.66
4. Aggregate provision made for diminution in value of investments	101.36	126.80
18. Inventories		
(at cost or net realisable value, whichever is lower)		
Raw materials (includes in transit ₹ 1,560.73 Lacs) (Previous Year ₹ 380.93 Lacs)	89,888.75	106,449.45
Work-in-progress	8,810.20	10,343.72
Finished Goods	25,199.52	36,356.49
Stores and Spares (includes in transit ₹ 734.31 Lacs) (Previous Year ₹ 717.47 Lacs)	7,624.62	6,689.80
Total	131,523.09	159,839.46
19. Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment :		
- Unsecured, considered good unless otherwise stated	551.58	825.29
- Doubtful	246.49	223.62
Less: Allowances for doubtful trade receivables	246.49	223.62
	551.58	825.29
Other trade receivables :		
- Unsecured, considered good	53,131.44	48,132.31
Total	53,683.02	48,957.60

Notes to Financial Statements for the year ended 31st March, 2012

20. Cash and bank balances

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Cash and cash equivalents		
a) Balances with banks		
- In current accounts	5,475.32	1,985.78
- In deposit accounts with maturity upto three months	5.00	5.00
b) Cheques on hand	13.82	75.37
c) Cash on hand	170.02	151.76
d) Other bank balances		
- Earmarked balances with banks*	152.51	132.16
- Deposits with more than twelve months maturity	2.04	2.67
- Deposits with more than three months but less than twelve months maturity	24.91	2,524.25
	<u>5,843.62</u>	<u>4,876.99</u>
Less: Amounts disclosed as other non current assets (refer note 16)	2.04	2.67
Total	<u>5,841.58</u>	<u>4,874.32</u>

* Earmarked balances with banks includes ₹ 124.90 lacs (Previous year ₹ 122.55 lacs) pertaining to dividend accounts with banks and ₹ 27.61 lacs (Previous year ₹ 9.61 lacs) pledged with government authorities and others.

21. Short-term loans and advances

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
(unsecured considered good, unless otherwise stated)		
Loans and advances to related parties (refer note 43)		
Subsidiary companies	1,891.95	1,104.30
Others	2,981.05	-
Others:		
Balance with government authorities	8,464.67	5,622.95
Claims receivables	151.43	422.60
Advances to suppliers	4,937.04	23,261.21
Prepaid expenses	362.09	326.77
Advance income-tax {net of provision for tax ₹ 50,975.71 Lacs (Previous year ₹ 48,071.71 Lacs)}	2,324.87	2,452.72
Other recoverables :		
- Considered good	8,128.94	10,418.44
- doubtful	116.88	20.03
	<u>8,245.82</u>	<u>10,438.47</u>
Less: Allowances for doubtful advances	116.88	20.03
Total	<u>29,242.04</u>	<u>43,608.99</u>

22. Other current assets

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
(unsecured, considered good)		
Amount recoverable from Mahavir Share Trust in respect of shares held in Trust (refer note 34 and 35)	1,786.51	1,786.95
Total	<u>1,786.51</u>	<u>1,786.95</u>

Notes to Financial Statements for the year ended 31st March, 2012

23. Revenue from operations

	For the year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
Sale of products	381,358.55	358,490.99
Sale of services	1,450.02	1,405.72
Other operating revenues :		
- Export benefits	8,244.50	2,976.33
- Others	892.60	823.19
Revenue from operations (Gross)	<u>391,945.67</u>	<u>363,696.23</u>
Less : Excise duty	145.52	3,015.07
Revenue from operations (Net)	<u>391,800.15</u>	<u>360,681.16</u>
Details of products sold :		
Yarn	242,177.46	203,627.23
Fabric	24,610.71	23,901.85
Processed fabric	95,369.90	83,225.53
Power	112.74	938.05
Billets	-	253.30
Rolled products	-	30,598.57
Miscellaneous	17,614.82	13,262.16
Raw material (cotton)	1,041.98	2,388.45
Raw material (fibre)	374.42	242.70
Raw material (others)	56.52	53.15
Total	<u>381,358.55</u>	<u>358,490.99</u>

24. Other income

Dividend Income from long-term trade investments		
- Subsidiaries	850.82	743.25
- Others	78.17	53.04
Dividend income from current investments	558.44	463.31
Net gain on sale of investments		
- Current investments	533.32	886.28
- Long-term investments	2.34	3.13
Net gain on foreign currency transactions and translations	1,315.42	711.73
Claims received (net of expenses)	121.60	138.77
Provisions no longer required written back	343.62	74.09
Adjustments to carrying amount of investment		
- Reversal of reduction in the carrying amount of current investments	25.46	-
Prior period items (net) (refer note 45)	-	59.97
Net gain on sale of fixed assets	382.97	158.99
Miscellaneous	1,844.91	1,031.24
Total	<u>6,057.07</u>	<u>4,323.80</u>

Notes to Financial Statements for the year ended 31st March, 2012

25. Cost of material consumed

	For the year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
Cotton	172,613.45	126,441.49
Manmade fibre	41,470.61	35,832.90
Scrap	-	17,197.06
Yarn	4,359.48	2,013.06
Fabric	19.14	0.97
Others	186.44	-
Total	218,649.12	181,485.48

26. Details of purchase of traded goods

	For the year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
Cotton	985.62	2,493.62
Manmade fibre	399.09	1,170.45
Fabric	8.90	-
Yarn	3,091.61	1,898.67
Garments	1.19	-
Total	4,486.41	5,562.74

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

	For the year ended 31 st March, 2012 (₹ in lacs)		For the year ended 31 st March, 2011 (₹ in lacs)	
Inventories at the beginning of the year				
Work-in-progress	10,343.72		7,245.60	
Finished goods	36,356.49	46,700.21	23,398.25	30,643.85
Less: Material transferred pursuant to scheme of De-merger (Refer Note No. 43)		-		5,426.87
Less: Insurance claim received on work in progress destroyed in fire		-		34.52
		46,700.21		25,182.46
Inventories at the end of the year				
Work-in-progress	8,810.20		10,343.72	
Finished goods	25,199.52	34,009.72	36,356.49	46,700.21
Total		12,690.49		(21,517.75)
Details of inventory :	Qty	₹ in lacs	Qty	₹ in lacs
Work-in-progress :				
Yarn		6,085.52		7,043.99
Fabric		1,339.02		1,888.41
Processed Fabric		1,385.66		1,411.32
Total		8,810.20		10,343.72
Finished goods :				
Yarn	8,597 MT	15,968.04	12,344 MT	25,607.91
Fabric	9.81 Mn Mtrs	6,292.66	11.15 Mn Mtrs	7,382.11
Processed Fabric	3.43 Mn Mtrs	2,938.82	3.73 Mn Mtrs	3,366.47
Total		25,199.52		36,356.49

Notes to Financial Statements for the year ended 31st March, 2012

28. Employee benefits expense

	For the year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
Salaries and wages	19,565.97	18,131.50
Contribution to provident and other funds	2,114.38	2,215.94
Staff welfare expenses	432.64	445.30
Total	22,112.99	20,792.74

29. Finance costs

Interest expense (net)	16,269.35	10,471.08
Other borrowing costs	1,052.92	510.14
Total	17,322.27	10,981.22

30. Other expenses

Power and fuel	38,295.38	37,611.59
Consumption of stores and spare parts	2,183.27	4,175.97
Packing material and charges	5,125.09	4,354.41
Dyes and chemicals	11,088.54	10,555.83
Rent	136.11	124.48
Repairs and maintenance to buildings	834.12	906.34
Repairs and maintenance to machinery	9,041.43	8,517.97
Insurance	527.27	388.07
Rates and taxes	189.16	200.64
Auditors remuneration:		
Audit fee	26.97	19.30
Tax audit fee	6.74	4.96
Reimbursement of expenses	7.77	5.23
In other capacity	1.44	7.06
Bad debts written off	57.21	278.13
Allowances for doubtful trade receivables and advances	132.35	260.37
Adjustments to carrying amount of investments		
- Reduction in the carrying amount of current investments	-	110.08
Forwarding charges and octroi	6,253.61	5,826.85
Commission to selling agents	4,323.67	3,278.51
Prior period items (net) (refer note 45)	73.96	-
Increase/(decrease) of excise duty on inventory	-	27.86
Rebate and discount	948.70	1,322.23
Miscellaneous	5,329.88	6,261.09
Total	84,582.67	84,236.97

Notes to Financial Statements for the year ended 31st March, 2012

31. Contingent Liabilities and provisions (to the extent not provided for)

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
I Contingent Liabilities		
(i) Claims not acknowledged as debts	878.03	1,034.07
(ii) Bank Guarantees and Letters of Credit outstanding	16,581.71	15,264.42
(iii) Bills discounted with banks	8,289.88	8,221.02
(iv) Other monies for which the company is contingently liable		
a) The Company has contested the additional demand in respect of Sales Tax, Excise Duty etc., amounting to ₹ 613.66 lacs (Previous Year ₹ 572.85 lacs). As against this a sum of ₹ 200.74 lacs (Previous Year ₹ 201.39 lacs) has been deposited under protest and stands included under the head "Advances and other recoverables in cash or in kind". The Company has filed an appeal with the Appellate Authorities and is advised that the demand is not in accordance with law. No provision, therefore, has been made in accounts in respect thereof.		
b) The Company has contested the additional demand in respect of income tax amounting to ₹ 4,819.00 lacs (previous Year ₹ 3,400.00 lacs). Pending appeal with Appellate Authorities, provision of ₹ 2,823.00 lacs (Previous Year ₹ 2,004.00 lacs) has not been made in the books of account as the company is confident to get the desired relief.		
c) The company had taken over the textile undertaking of Vardhman Holdings Limited by a scheme of Arrangement and De-merger. An injunction was obtained against the London Branch of the said textile undertaking for preventing disposal of assets upto the value of Pound Sterling ₹ 2.99 lacs as a result of a court case pending in London for alleged non-fulfillment of an agreement of cotton purchase. The said matter had been decided against the textile undertaking and accordingly, Pound Sterling ₹ 0.48 lacs lying in the bank account at London had been paid to the claimant pursuant to the Order of the Court. The said amount was written off in the books of the said undertaking by way of debit to the statement of Profit and Loss Account. No provision has been made for the balance decreed amount in view of the fact that the said undertaking was prevented by force majeure in fulfilling its part of contract. The Company as successor to the textile undertaking is contesting this matter in Indian Courts and is confident that there would not be any further liability in this regard.		
II Commitments		
(i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	24,405.30	44,710.72
(ii) Exports obligations under Export Promotion Capital Goods (EPCG) scheme#	18,155.62	20,654.66
# The Company has executed bonds for an aggregate amount of ₹ 18,155.62 lacs (previous Year ₹ 20,654.66 lacs) in favour of the President of India under section 59 (2) and 67 of the Customs Act, 1962 and Central Excise Act, 1944 for fulfillment of the obligation under the said Acts.		
32. The Company has provided depreciation on Computers @ 25% on straight line basis as the useful life of the computers has been estimated to be not more than four years.		
33. Amortisation of Intangible assets		
a. Softwares have been amortised @ 25% on straight line basis as the useful life has been estimated to be not more than four years.		
b. Right to use power lines have been amortised @ 20% on straight line basis as the useful life thereof has been estimated to be not more than five years.		
34. The Company is holding 15,98,741 (Previous year 15,98,741) equity shares of Vardhman Textiles Limited through a trust, which were received by it in its capacity as a shareholder of Vardhman Holdings Limited in accordance with the 'Scheme of Arrangement and Demerger'. Further, during the year under consideration, the Trust has been allotted 3,19,748 equity shares by Vardhman Specials Steels Limited (VSSL) in the ratio of one equity share against every five equity shares held in the company in accordance with the 'Scheme of Arrangement and Demerger' entered in to between the company, VSSL and their respective shareholders and creditors. The said trust has been exclusively formed for the benefit of the company. As per the provision of the trust deed, all the money received by the trust (including dividend and the proceeds of the sale of shares) shall be paid forthwith to the company by the trust.		



Notes to Financial Statements for the year ended 31st March, 2012

35. The detail of the amount recoverable from Mahavir Share Trust as at the close of the year is as under:

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Cost of Shares	1,785.40	1,785.40
Other Recoverable Amount	1.11	1.55
Total	1,786.51	1,786.95

36. *The Company also hedges its foreign currency fluctuation exposure by way of foreign currency derivative options. The Company has taken various USD/INR options from banks. As at March 31, 2012, there are 10 options (Previous Year 15) against exports and 1 option (Previous Year 5) against Imports having a maturity period up to Feb.,2016 (Previous Year Jan 2016). These derivative options are proprietary products of banks which do not have a ready market and are not tradeable in the open market. These options are marked to a model, which is bank specific instead of being marked to market. In view of the significant uncertainty associated with the above derivative options, the ultimate outcome of which depends on future events which are not under the direct control of the company, the resultant gain/loss if any, on such open derivative options cannot be determined at this stage and has accordingly not been accounted for in the books of account.*

37. Segment Information as required by Accounting Standard (AS)-17 on "Segment Reporting" issued by Companies (Accounting Standards) Rules 2006, has been compiled on the basis of the consolidated financial statements and is disclosed in the notes to accounts forming part of the consolidated financial statements in accordance with the above standard. Therefore segment information in respect of separate financial statements of the company is not being disclosed in the stand alone financial statements.

38. In accordance with the Accounting Standard (AS)-28 on "Impairment of Assets", the Company has assessed as on the balance sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the Standard) with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly, no impairment loss has been provided in the books of account.

39. Earning Per Share

- (a) The calculation of Earning Per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 on "Earning Per Share" issued by Companies (Accounting Standards) Rules, 2006.
(i) A statement on calculation of basic EPS is as under:

	Current year (₹ in lacs)	Previous year (₹ in lacs)
Net Profit after tax attributable to equity shareholders	10,966.60	46,970.49
Total (A)	10,966.60	46,970.49
Weighted average number of equity shares (No in lacs)	636.52	601.71
Total (B)	636.52	601.71
Basic earning per Share (₹) (A/B)	17.23	78.06
Diluted earning per Share (₹)* (A/B)	17.23	78.06
Face value per equity share (₹)	10.00	10.00

*There are no potential equity shares

40. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 under the chapter on delayed payments to Micro & small enterprise.

Sr. No.	Particulars	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
1.	Principal amount remaining unpaid to any supplier as at the end of accounting period	-	-
2.	Interest due on remaining unpaid to any supplier as at the end of the accounting period	-	-
3.	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during accounting period	-	-
4.	The amount of interest due and payable for the year	-	-
5.	The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
6.	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues of Micro, Small and Medium enterprises have been determined on the basis of information collected by the management. This has been relied upon by the auditors.

Notes to Financial Statements for the year ended 31st March, 2012

41. Leases

The Company has leased facilities under cancellable and non-cancellable operating leases arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognised during the year amounts to ₹ 70.96 lacs (Previous Year ₹ 72.46 lacs). The future minimum lease payments in respect of the non-cancellable operating leases as at 31st March 2012 are:

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
a) not later than one year	33.81	38.19
b) later than one year but not later than five years	53.75	17.79
c) later than five years	-	2.98

42. In the year ended 31st March, 2011, pursuant to the Scheme of Arrangement and Demerger, the steel business undertaking of the company stands vested with Vardhman Special Steels Limited (VSSL) w.e.f. 1st January, 2011. The steel business was a separate reportable business segment and was being disclosed as such. The following table reflects the carrying values of the primary components of the discontinuing operations viz; assets, liabilities, revenue, expense, pre tax profits, tax expense and cash flows for the period ended 31st December, 2010. The said information is required to be disclosed as per the requirements of Accounting Standard (AS)- 24 Discounting Operations issued by Companies (Accounting Standards) Rules, 2006.

	Current year (₹ in lacs)	Previous year (₹ in lacs)
ASSETS		
Land	-	137.63
Buildings	-	876.91
Plant & Machinery	-	2,031.09
Other Fixed Assets	-	59.29
Debtors	-	8,044.70
Inventory	-	8,791.97
Other Current Assets	-	1,146.71
Total Assets	-	21,088.30
LIABILITIES		
Secured Loans	-	113.51
Unsecured Loans	-	3,202.00
Deferred Tax Liability	-	422.55
Sundry Creditors	-	983.38
Other Liabilities	-	1,203.20
Total Liabilities	-	5,924.64
Net Assets	-	15,163.66
Revenue	-	28,075.89
Expenses	-	24,601.68
Profit before tax	-	3,474.21
Tax Expense	-	1,154.35
Profit after tax	-	2,319.86
Cash flow from operating activities	-	451.29
Cash flow from investing activities	-	(198.63)
Cash flow from financing activities	-	(217.41)

The Scheme of Arrangement and Demerger provides for the issue and allotment of shares to the shareholders of the company by Vardhman Special Steels Ltd. in consideration of such demerger. There was no gain or loss involved in the transaction of Demerger.

43. Related Party Disclosure

- (a) Disclosure of Related Parties and relationship between the parties.
1. Subsidiaries
 - VMT Spinning Company Limited
 - Vardhman Acrylics Limited
 - VTL Investments Limited
 - Vardhman Yarns and Threads Limited
 - Vardhman Special Steels Limited (upto 7th April, 2011)
 - Vardhman Nisshinbo Garments Company Limited (Formerly known as Vardhman Texgarments Ltd)



Notes to Financial Statements for the year ended 31st March, 2012

- | | |
|--|---|
| 2. Associates | Vardhman Textile Components Limited
Vardhman Spinning and General Mills Limited
Vardhman Special Steels Limited (w.e.f 8 th April, 2011) |
| 3. Key Management Personnel | Mr. S.P. Oswal
Mr. Sachit Jain
Mrs. Suchita Jain
Mr. Neeraj Jain |
| 4. Enterprises over which key Management Personnel and relative of such personnel is able to exercise significant influence or control | Vardhman Holdings Limited
Vardhman Apparels Limited
Banarso Devi Oswal Public Charitable Trust
Sri Aurobindo Socio Economic and Management Research Institute
*Adinath Investment and Trading Company
*Devakar Investment and Trading Company Limited
*Srestha Holdings Limited
*Santon Finance and Investment Company Limited
*Flamingo Finance and Investment Company Limited
*Ramaniya Finance and Investment Company Limited
*Marshall Investment and Trading Company (P) Limited
*Pardeep Mercantile Company (P) Limited
*Plaza Trading Company (P) Limited
*Anklesh Investment (P) Limited
*Syracuse Investment and Trading Company (P) Limited
*Mahavir Spinning Mills (P) Ltd.
(Formerly known as Vardhman Textiles Processors (P) Limited)
**Northern Trading Company |

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

** No transaction has taken place during the year.

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

(₹ in lacs)

Particulars	Subsidiaries		Associates		Key Management Personnel (KMP)		Relatives of KMP		Enterprises over which KMP is able to exercise significant influence		TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase/processing of goods	29,585.87	23,350.61	289.53	3,486.43	-	-	-	-	-	-	29,875.40	26,837.04
Purchase of DEPB licences	11.58	66.64	-	-	-	-	-	-	-	-	11.58	66.64
Sale/processing of goods	3,112.66	4,235.25	60.63	-	-	-	-	-	-	-	3,173.29	4,235.25
Sale of DEPB licences	1,776.54	1,439.27	1,099.77	-	-	-	-	-	-	-	2,876.31	1,439.27
Purchase of fixed assets	0.36	-	-	-	20.88	-	-	427.00	-	-	21.24	427.00
Sale of fixed assets	72.40	12.38	-	-	-	-	-	-	-	-	72.40	12.38
Donation Paid	-	-	-	-	-	-	-	-	100.00	300.00	100.00	300.00
Rent Paid	-	-	-	-	-	-	-	-	6.96	6.79	6.96	6.79
Receipt against corporate services agreement*	261.00	261.00	-	-	-	-	-	-	-	-	261.00	261.00
Payment against licence agreement*	-	-	-	-	-	-	-	-	60.00	60.00	60.00	60.00
Interest paid	474.81	876.06	-	17.57	-	-	-	-	184.80	151.44	659.61	1,045.07
Interest received	95.44	23.72	102.44	-	-	-	-	-	-	-	197.88	23.72
Rent Received	0.90	0.72	0.30	-	-	-	-	-	-	-	1.20	0.72
Managerial remuneration	-	-	-	-	452.31	1,429.55	-	-	-	-	452.31	1,429.55
Loan Given (Including Opening Balance)	14,961.26	19,002.73	19,121.05	-	-	-	-	-	-	-	34,082.31	19,002.73
Loan Repayment	12,444.31	17,898.43	16,765.00	-	-	-	-	-	-	-	29,209.31	17,898.43
Closing Balance	2,516.95	1,104.30	2,356.05	-	-	-	-	-	-	-	4,873.00	1,104.30
Loan Taken (Including Opening Balance)	88,888.98	87,184.52	-	-	-	-	-	-	6,705.05	5,372.75	95,594.03	92,557.27
Loan Repayment	87,268.63	82,498.49	-	-	-	-	-	-	4,757.75	3,429.20	92,026.38	85,927.69
Closing Balance	1,620.35	4,686.03	-	-	-	-	-	-	1,947.30	1,943.55	3,567.65	6,629.58

* excluding service tax

Notes to Financial Statements for the year ended 31st March, 2012

44. Disclosure required by Clause 32 of Listing Agreement:

- (i) The Company has given inter corporate deposits aggregating to ₹1,132.50 lacs (Previous Year ₹1,111.50 lacs) to M/s Vardhman Acrylics Ltd. during the year. The maximum amount outstanding during the year was ₹ 3,419.35 lacs (Previous Year ₹ 833.80 lacs). The balance outstanding as on 31.03.12 is ₹ Nil (Previous Year ₹ Nil).
- (ii) The Company has given inter corporate deposits aggregating to ₹ 8,900.85 lacs (Previous Year ₹ 4,914.80 lacs) to M/s VMT Spinning Company Limited during the year. The maximum amount outstanding during the year was ₹ 2,673.80 lacs (Previous Year ₹ 2,195.30 lacs). The balance outstanding as on 31.03.12 is ₹ 1,260.55 lacs (Previous Year ₹ 1,104.30 lacs).
- (iii) The Company has given inter corporate deposits aggregating to ₹ 1,125.00 lacs (Previous Year ₹ 8,121.83 lacs) to M/s Vardhman Special Steels Limited during the year up to 07.04.2011. The maximum amount outstanding during the year was ₹ 670.00 lacs (Previous Year ₹ 1,181.29 lacs). The balance outstanding as on 07.04.11 is ₹ 625.00 lacs (Previous Year ₹ Nil).
- (iv) The Company has given inter corporate deposits aggregating to ₹ 1,221.30 lacs (Previous Year ₹ 567.60 lacs) to M/s Vardhman Nisshinbo Garments Company Limited during the year. The maximum amount outstanding during the year was ₹ 799.40 lacs (Previous Year ₹ 455.00 lacs). The balance outstanding as on 31.03.12 is ₹ 631.40 lacs (Previous Year ₹ Nil).
- (v) The Company has given inter corporate deposits aggregating to ₹ 500.00 lacs (Previous Year ₹ 4,287.00 lacs) to M/s VTL Investments Limited during the year. The maximum amount outstanding during the year was ₹ 500.00 lacs (Previous Year ₹ 2462.00 lacs). The balance outstanding as on 31.03.12 is ₹ Nil (Previous Year ₹ Nil).
- (vi) The Company has given inter corporate deposits aggregating to ₹2,081.61 lacs (Previous Year ₹ 4,287.00 lacs) to M/s Vardhman Yarns and Threads Limited during the year. The maximum amount outstanding during the year was ₹ 685.72 lacs (Previous Year ₹ 2,462.00 lacs). The balance outstanding as on 31.03.12 is ₹ Nil (Previous Year ₹ Nil).

45. Prior period items are as follows

	For the year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
a) Prior Period Income	399.18	261.70
b) Prior Period Expense	473.15	201.74

46. Interest expense includes interest income from

	For the year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
(i) Related parties	197.88	23.72
(ii) Current investments	1,117.75	1,384.53
(iii) Banks & others	641.56	1,211.72

47. Figures in bracket indicate deductions.

48. The financial statements for the year ended 31st March, 2012 have been prepared as per Revised Schedule-VI to the Companies Act, 1956. Accordingly the previous year figures have been reclassified to confirm to this year's classification.

49. Employee Benefits

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 (AS) 15 is as under:-

(a) Changes in the present value of the obligations :

	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous year	Current Year	Previous year
Present value obligation as at beginning of the year	327.49	259.97	2,012.13	1,459.35
Interest cost	21.05	15.76	150.49	110.87
Past Service cost	-	-	-	-
Current service cost	211.12	202.06	305.35	289.09
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Transferred to VSSL	-	(40.27)	-	-
Benefits Paid	(173.94)	(132.56)	(239.14)	(227.95)
Actuarial (gain)/ loss on Obligations	(10.59)	22.53	(22.43)	380.77
Present value obligation as at end of the year*	375.13	327.49	2,206.40	2,012.13

* Gratuity balance as at 31.03.2011 includes amounts to be transferred to VSSL gratuity fund account on account of De-merger (Refer Note No 42).

Notes to Financial Statements for the year ended 31st March, 2012

(₹ in lac)				
	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous year	Current Year	Previous year
(b) Change in Fair Value of Plan Asset				
Fair value of Plan Assets as at beginning of the year	-	-	1,554.74	1,319.38
Expected return on Plan Assets	-	-	93.38	91.69
Contributions	-	-	358.43	139.97
Benefits Paid	-	-	-	-
Actuarial gain/ (loss) on Obligations	-	-	22.00	3.70
Fair value of Plan Assets as at end of the year*	-	-	2,028.55	1,554.74
* Gratuity balance includes amounts to be transferred to VSSL gratuity fund account on account of De-merger (Refer Note No 43)				
(c) Amount recognized in Balance Sheet				
Present value obligation as at end of the year	375.13	367.76	2,206.40	2,012.13
Fair value of Plan Assets as at end of the year	-	-	2,028.55	1,554.74
Funded Status	(375.13)	(367.76)	(177.85)	(457.39)
Present value of unfunded obligation as at end of the year	-	-	-	-
Unfunded Actuarial (gains)/ losses	-	-	-	-
Unfunded Net Asset/ (Liability) recognised in Balance Sheet	(375.13)	(367.76)	(177.85)	(457.39)
(d) Expenses Recognized in Profit and Loss				
Current service cost	211.12	202.06	305.35	289.09
Past Service cost	-	-	-	-
Interest cost	21.05	15.76	150.49	110.87
Expected return on Plan Assets	-	-	(93.38)	(91.69)
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(10.59)	22.54	(44.43)	377.07
Total Expenses recognised in Profit & Loss Account	221.58	240.36	318.03	685.34
(e) Investment details of Fund				
Central Govt. Securities	-	-	1,099.76	661.12
State Govt. Securities	-	-	-	6.87
Investment in PSU	-	-	599.88	-
Other Investments	-	-	141.44	879.62
Bank Balance	-	-	187.47	7.13
Total	-	-	2,028.55	1,554.74
(f) Principal actuarial assumption at the Balance Sheet Date (expressed as weighted average)				
Discount Rate (per annum) Rate of increase in compensation levels (per annum)	8.50%	8.50%	8.50%	8.50%
Rate of return on plan assets (per annum)	7.00%	7.00%	6.00%	6.00%
Expected Average remaining working lives of employees (years)	N.A.	N.A.	7.00%	7.00%
Method Used	27.81	27.70	27.78	27.70
	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

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

Notes to Financial Statements for the year ended 31st March, 2012

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

	Leave		Leave Travel Encashment		Ex-Gratia	
	Current Year	Previous year	Current Year	Previous year	Current year	Previous year
Liability as at beginning of the year	40.60	54.97	85.54	83.34	194.56	154.31
Liability as at end of the year	69.02	40.70	69.38	85.54	152.40	194.56
Amount debited to P&L Account	(28.32)	(20.62)	72.84	67.97	199.86	198.41

(h) During the year, the company has recognized an expense of ₹ 1,166.23 Lacs (Previous Year ₹ 926.35 Lacs) in respect of Contribution to Provident Fund and ₹ 67.66 Lacs (Previous Year ₹ 63.83 Lacs) in respect of Contribution to Superannuation Scheme.

50. The company uses forward contracts and options to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities, firm commitment and highly probable forecast transactions. The use of the aforesaid financial instruments is governed by the Company's overall strategy. The company does not use forward contracts and options for speculative purposes. The details of the outstanding forward contracts and options as at 31st March 2012 is as under:

(a) Category wise quantitative data

	Current year		Previous year	
	No. of Contracts	Amount in Foreign Currency (million)	No. of Contracts	Amount in Foreign Currency (million)
Forward contracts against exports (USD)	71	86.14	20	27.26
Forward contracts against exports (EURO)	7	3.62	3	3.00
Put and Call options against exports (USD) *	10	93.50	14	190.00
Put and Call options against exports (EURO) *	-	-	1	2.00
Put and Call options against imports (EURO) *	1	1.50	4	11.90
Put and Call options against imports (CHF) *	-	-	1	3.00
Forward contracts against imports (USD)	13	19.12	14	19.14
Forward contracts against imports (YEN)	1	15.00	-	-
Forward contracts against imports (CHF)	1	0.30	2	3.00
Forward contracts against imports (EURO)	5	6.32	10	19.60

b) Details of foreign currency exposure that has not been hedged by a derivative instrument or otherwise is given below :

Against Creditors (CHF)	-	0.60
Against Creditors (EURO)	0.15	0.20
Against Creditors (USD)	2.60	0.60
Against Creditors (YEN)	0.59	56.91
Against Creditors (AED)	0.002	-
Against Debtors (GBP)	0.01	-

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

51. The information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per revised Schedule-VI of the Companies Act, 1956 :

(A) CIF VALUE OF IMPORTS

	Current year (₹ in lacs)	Previous year (₹ in lacs)
Raw Materials	10,724.97	14,476.61
Components & Spare Parts	4,263.94	4,185.39
Capital Goods	12,631.47	12,498.22
Total	27,620.38	31,160.22



Vardhman

Notes to Financial Statements for the year ended 31st March, 2012**(B) EXPENDITURE IN FOREIGN CURRENCY**

	Current year (₹ in lacs)	Previous year (₹ in lacs)
Travelling	57.62	51.25
Commission	2,544.03	1,704.23
Technical Knowhow Fee	46.48	94.92
Miscellaneous	62.05	66.43
Total	2,710.18	1,916.83

(C) EARNING IN FOREIGN CURRENCY

FOB Value of Export	160,307.88	121,826.27
Total	160,307.88	121,826.27

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

	Current year (₹ in lacs)	%	Previous year (₹ in lacs)	%
(I) Raw Materials				
Imported	11,617.73	5.31	16,073.83	8.86
Indigenous	207,031.39	94.69	165,411.65	91.14
Total	218,649.12	100.00	181,485.48	100.00
(II) Components and Spare Parts				
Imported	4,678.32	23.22	3,709.30	13.81
Indigenous	15,469.60	76.78	23,141.47	86.19
Total	20,147.92	100.00	26,850.77	100.00

As per our report of even date

For and on behalf of the Board of Directors

For S.C. Vasudeva & Co.,
Chartered Accountants
Firm Registration No.: 000235N

SANJIV MOHAN
Partner
(M.No. 86066)

PLACE : NEW DELHI
DATED : 9th MAY, 2012

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman & Managing Director

PLACE : GURGAON
DATED : 9th MAY, 2012

Consolidated Results of Vardhman Textiles Limited

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors
Vardhman Textiles Limited

1. We have audited the attached Consolidated Balance Sheet of Vardhman Textiles limited ("the Company"), its subsidiaries and associates (collectively referred to as "the Group") as at 31st March, 2012 and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of all material misstatements. An audit includes, examining on a 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 1,009.86 Crore as at 31st March, 2012, total revenue of ₹ 1030.05 Crore for the year and net cash flow amounting to ₹ 11.05 Crore for the year ended on that date and associates whose financial statements reflect the Group share of income of ₹ 8.07 Crore. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard 21, "Consolidated Financial Statement" and Accounting Standard (AS) 23 "Accounting for Investment in Associates in Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial

statements of the Company, its subsidiaries and associates included in the consolidated financial statements.

5. *As indicated in note-40 in Notes to Accounts there is significant uncertainty associated with the derivative options referred to in the said note, resolution of which is dependant upon future events which are not under the direct control of the Company, on account of which the Company could not determine the possible loss, if any, on valuation of such derivative options. The ultimate outcome of these future events and their affect on the financial statements, cannot be ascertained at this stage.*

Based on our audit and to the best of our information and according to the explanations given to us, and on the consideration of the separate audit reports on individual audited financial statements of its subsidiaries and associates, in our opinion *subject to comments in paragraph 5 above*, the consolidated financial statements read together with the significant accounting policies and other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group, as at 31st March, 2012;
- (b) in the case of the consolidated statement of profit and loss, of the profit of the Group for the year ended on that date and
- (c) in the case of consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

FOR S.C. VASUDEVA & CO.,
CHARTERED ACCOUNTANTS
Firm Registration No.: 000235N

(SANJIV MOHAN)
PARTNER

PLACE : NEW DELHI
DATED : 9th May, 2012

MEMBERSHIP NO. 86066

Consolidated Results of Vardhman Textiles Limited

CONSOLIDATED BALANCE SHEET as at 31st March, 2012

Particulars	Note No.	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	6,251.79	6,251.79
(b) Reserves and surplus	4	214,413.51	220,165.22
		<u>220,665.30</u>	<u>226,417.01</u>
(2) Minority Interest			
(a) Share capital		8,509.31	8,509.31
(b) Reserves and surplus		25,611.89	22,913.26
		<u>34,121.20</u>	<u>31,422.57</u>
(3) Non-current liabilities			
(a) Long-term borrowings	5	204,356.89	192,117.84
(b) Deferred tax liabilities (net)	6	23,216.90	23,105.50
(c) Other long term liabilities	7	278.62	436.79
(d) Long-term provisions	8	512.24	485.89
		<u>228,364.65</u>	<u>216,146.02</u>
(4) Current liabilities			
(a) Short-term borrowings	9	50,523.04	86,280.32
(b) Trade payables	10	11,623.87	12,279.78
(c) Other current liabilities	11	46,575.13	35,000.04
(d) Short-term provisions	12	4,777.00	5,084.76
		<u>113,499.04</u>	<u>138,644.90</u>
		<u>596,650.19</u>	<u>612,630.50</u>
II ASSETS			
(1) Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		255,680.01	251,248.11
(ii) Intangible assets		1,816.66	2,161.04
(iii) Capital work-in-progress		18,515.00	12,512.91
		<u>276,011.67</u>	<u>265,922.06</u>
(b) Goodwill on Consolidation		293.15	293.15
(c) Non-current investments	14	26,488.78	2,358.22
(d) Long-term loans and advances	15	7,285.14	5,934.02
(e) Other non-current assets	16	66.36	3.62
		<u>310,145.10</u>	<u>274,511.07</u>
(2) Current assets			
(a) Current investments	17	24,671.73	20,984.84
(b) Inventories	18	153,476.59	193,288.52
(c) Trade receivables	19	63,038.05	66,717.66
(d) Cash and bank balances	20	8,387.76	7,062.57
(e) Short-term loans and advances	21	34,543.51	47,677.95
(f) Other current assets	22	2,387.45	2,387.89
		<u>286,505.09</u>	<u>338,119.43</u>
		<u>596,650.19</u>	<u>612,630.50</u>
TOTAL			
See accompanying notes forming part of the financial statements		1- 44	

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

SANJIV MOHAN
Partner
(M.No. 86066)

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman & Managing Director

PLACE : NEW DELHI
DATED : 9th MAY, 2012

PLACE : GURGAON
DATED : 9th MAY, 2012

Consolidated Results of Vardhman Textiles Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2012

Particulars	Note No.	For the year ended 31st March, 2012 (₹ in lacs)	For the year ended 31st March, 2011 (₹ in lacs)
(i) Revenue from operations (gross)	23	467,504.88	449,215.55
Less : Excise duty		3,433.86	7,369.72
Revenue from operations (net)		464,071.02	441,845.83
(ii) Other income	24	5,792.82	3,411.47
(iii) Income From associates		807.67	2.90
(iv) Total revenue (i) + (ii) + (iii)		470,671.51	445,260.20
(v) Expenses :			
Cost of materials consumed	25	241,463.29	209,343.46
Purchases of stock-in-trade	26	9,923.80	12,825.55
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	13,745.92	(25,975.70)
Employee benefits expense	28	29,246.78	27,363.05
Finance costs	29	17,361.84	10,773.05
Depreciation and amortization	13	27,352.00	26,467.43
Other expenses	30	108,111.92	108,949.50
Preliminary Expenses		-	3.74
Total Expenses		447,205.55	369,750.08
(vi) Profit before tax (iv) - (v)		23,465.96	75,510.12
(vii) Profit for the period from continuing operations before tax		23,465.96	72,035.91
(viii) Less: Tax expense :			
- Current Tax	6,103.91		16,366.42
- MAT credit entitlement	-		(260.25)
- Deferred tax	524.94		279.75
- Tax effect (premium on redemption of FCCBs)	-		1,009.31
- Tax adjustments of earlier years	2.19	6,631.04	208.55
(ix) Profit for the year from continuing operations after tax (vii) - (viii)		16,834.92	54,432.13
(x) Profit from discontinuing operations (before tax)		-	3,474.21
(xi) Less : Tax expense of discontinuing operations		-	1,154.35
(xii) Profit from discontinuing operations after tax (x) - (xi)		-	2,319.86
(xiii) Profit for the period after tax but before Minority Interest (ix) + (xii)		16,834.92	56,751.99
(xiv) Less : Minority Interest		2,698.63	4,226.01
Profit for the period after tax and minority Interest (xiii) - (xiv)		14,136.29	52,525.98
Earnings per equity share (of ₹ 10/- each)			
Basic :			
(i) Continuing operations		22.61	80.31
(ii) Total operations		22.61	88.97
Diluted :			
(i) Continuing operations		22.61	80.31
(ii) Total operations		22.61	88.97
See accompanying notes forming part of the financial statements	1- 44		

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

For and on behalf of the Board of Directors

SANJIV MOHAN
Partner
(M.No. 86066)

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman & Managing Director

PLACE : NEW DELHI
DATED : 9th MAY, 2012

PLACE : GURGAON
DATED : 9th MAY, 2012

Consolidated Results of Vardhman Textiles Limited

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2012

Particulars	For the year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before extraordinary items and tax	23,465.96	75,510.12
Adjustments for :		
Depreciation/amortisation	27,352.00	26,467.43
Interest expense	18,814.17	13,003.61
(Income) / Loss from associates	(807.67)	(2.90)
Interest income	(2,625.00)	(2,884.69)
Dividend income	(924.04)	(535.01)
(Profit)/Loss on sale of assets(net)	(390.82)	(102.20)
(Profit)/Loss on sale of investments (net)	(957.36)	(924.42)
Provision no longer required written Back (Net)	(668.90)	(114.32)
Sundry balances written off (net)	-	326.40
Provision for diminution in value of Investments written back	(25.45)	-
Provision for doubtful debts	183.86	254.98
Bad debts written off	122.85	-
Provision for diminution in value of Investments	-	101.09
Exchange rate fluctuation	-	425.98
	40,073.64	
Changes in working capital	63,539.60	36,015.95
Adjustments for :		111,526.07
(Increase)/Decrease in trade and other receivables	4,903.13	(36,065.85)
(Increase)/ Decrease in Inventories	30,244.42	(63,589.13)
Increase/(Decrease) in trade payables and other liabilities	8,993.76	9,446.90
	44,141.31	(90,211.08)
Cash generation from operation	107,680.91	21,314.99
Net income tax paid	(5,728.40)	(18,239.19)
Net cash flow from/ (used in) operating activities	101,952.51	3,075.80
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and capital work in progress (including capital advances)	(42,335.52)	(35,953.44)
Proceeds from sale of fixed assets	1,155.52	400.85
Purchase of investments	(42,996.10)	(389,814.17)
Proceeds from sale of investments	15,551.65	376,522.95
Interest received	3,073.44	2,670.05
Dividend received	924.04	535.01
Net Cash used in investing activities	(64,626.97)	(45,638.75)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital and calls in arrears	-	19,669.10
Proceeds from long term borrowings (net)	17,021.93	7,843.16
Proceeds/ (Repayments) from/of short term borrowings (net)	(29,629.39)	49,981.60
Repayment of Zero Coupon Foreign Currency Convertible Bonds	-	(37,267.21)
Proceeds / (Repayment) of other unsecured borrowings	-	(1,195.18)
Capital subsidy received	30.00	-
Dividend Paid (including taxes)	(4,099.33)	(2,684.36)
Interest paid	(18,829.93)	(12,959.46)
Net Cash flow from/(used in) financing activities	(35,506.72)	23,387.65
Net Increase in cash & cash equivalents	1,818.82	(19,175.30)
Cash & cash equivalents at the beginning of the year	7,062.57	26,237.87
Cash & cash equivalents transferred due to transferred pursuant to cessation of subsidiary relationship	493.63	-
Cash & cash equivalents at the end of the year	8,387.76	7,062.57
Bank balances not considered as cash and cash equivalents	66.36	3.62
See accompanying notes forming part of the financial statements		

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

SANJIV MOHAN
Partner
(M.No. 86066)

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman & Managing Director

PLACE : NEW DELHI
DATED : 9th MAY, 2012

PLACE : GURGAON
DATED : 9th MAY, 2012

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

1. CORPORATE INFORMATION

Vardhman Textiles Limited (The Company) and its subsidiaries (Collectively referred to as the "Group") are engaged in manufacturing of Cotton yarn, Synthetic yarn, Woven fabric, Sewing thread, Acrylic fibre, Tow and garments.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation of consolidated financial statements :

The consolidated financial statements have been prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards referred to in section 211 (3C) of the Companies Act, 1956 and other relevant provisions of the said Act.

(b) Use of Estimates :

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

(c) Revenue Recognition :

(i) Sales :

Revenue from sale of goods is recognized:

- (a) When all the significant risks and rewards of ownership are transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership and
- (b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

(ii) Export Incentives :

Revenue in respect of the export incentives is recognized on post export basis.

(iii) Interest :

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

(iv) Dividend :

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

(v) Insurance and Other Claims :

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

(d) Employees Benefits :

(a) Short Term Employee Benefits :

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of Profit and Loss of the year in which the related service is rendered.

(b) Post Employment Benefits :

i) Defined Contribution Plans :

(1.1) 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 statement of profit and loss.

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.

(e) Fixed Assets :

- i. Fixed Assets are stated at historical cost less accumulated depreciation.
- ii. Cost of fixed assets comprises its purchase price and any attributable expenditure (both direct and indirect) for bringing the assets to its working conditions for its intended use.

(f) Intangible assets :

Intangible assets are stated at cost less accumulated amount of amortization.

(g) Depreciation :

- i) Depreciation on all assets except computers is provided on straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956. In case of computers depreciation is charged on a systematic basis to each accounting period during the estimated useful life thereof.
- ii) Depreciation on assets costing ₹ 5000/- or below is charged @ 100% per annum on proportionate basis.

(h) Amortization :

- i. Intangible assets are amortized on straight line method. These assets are amortized over their estimated useful life.
- ii. Right to use Power Lines is amortised on straight line method over their estimated useful life.

(i) Investments :

Long term Investments are carried at cost less provision for diminution, other than temporary, in the value of investment. Current investments are carried at lower of cost and fair value.

(j) Inventories :

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of the various items of inventory is computed

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Notes to Consolidated Financial Statements for the year ended 31st March, 2012

as under :

- In case of raw materials at weighted average cost plus direct expenses.
- In case of stores and spares at weighted average cost plus direct expenses.
- In case of work in progress at raw material cost plus conversion cost depending upon the stage of completion.
- In case of finished goods at raw material cost plus conversion costs, packing cost, excise duty (if applicable) and other overheads incurred to bring the goods to their present location and condition.

(k) Cenvat Credit :

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

(l) Subsidy :

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

(m) Borrowing Costs :

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

(n) Operating Leases :

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

(o) Foreign Currency Conversion :

- (i) Foreign currency transactions are recorded on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognised as income or expense in the period in which they arise.
- (iii) The premium or discount arising at the inception of forward exchange contracts is amortised as an expenses or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the reporting period in which the exchange rate changes. Profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense in period in which such profit or loss arises.
- (iv) The exchange difference to the extent of loss, arising on forward contracts to hedge of the transactions in the nature of firm commitments and/or highly probable forecast transactions is recognised in the statement of Profit and Loss, the profit, if any arising thereon is ignored.

(p) Accounting for Taxes on Income :

The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current Tax is the aggregate amount of income-tax determined to be payable in respect of taxable income for a period. Deferred tax is the tax effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(q) Earning per Share :

- i) Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- ii) Diluted earning per share is computed by taking into account weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

(r) Impairment of Assets :

At each balance sheet an assessment is made whether any indication exists that an assets has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

Goodwill arising on consolidation is not amortised, but it is reviewed for impairment at the end of each accounting year, if the events or changes in the circumstances indicate that carrying value may be impaired.

(s) Cash flow statement :

The cash flow statement has been in accordance with the Accounting Standard (AS) - 3 on "Cash flow statements" issued by the Companies (Accounting Standard) Rules, 2006.

(t) Provisions and Contingent Liabilities

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

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

3. Share capital

	As at 31 st March, 2012		As at 31 st March, 2011	
	Number (in lacs)	(₹ in lacs)	Number (in lacs)	(₹ in lacs)
Authorised				
Equity shares of ₹10/- each (par value)	900.00	9,000.00	900.00	9,000.00
Redeemable cumulative preference shares of ₹10/- each (par value)	100.00	1,000.00	100.00	1,000.00
	<u>1,000.00</u>	<u>10,000.00</u>	<u>1,000.00</u>	<u>10,000.00</u>
Issued, subscribed and fully paid-up				
Equity shares of ₹10/- each (Par value)	625.18	6,251.79	625.18	6,251.79
Total	<u>625.18</u>	<u>6,251.79</u>	<u>625.18</u>	<u>6,251.79</u>

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31 st March, 2012		As at 31 st March, 2011	
	Number (in lacs)	(₹ in lacs)	Number (in lacs)	(₹ in lacs)
At the beginning of the reporting period	625.18	6,251.79	566.36	5,663.55
Add: Issued during the reporting period	-	-	58.82	588.24
Outstanding at the end of the reporting period	<u>625.18</u>	<u>6,251.79</u>	<u>625.18</u>	<u>6,251.79</u>

b. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The rate of dividend for redeemable cumulative preference shares is decided by the board of directors as and when issued.

c. Shares held by holding Company or its ultimate holding Company or subsidiaries or associates of the holding Company or the ultimate holding Company in aggregate.

There is no holding /ultimate holding Company of the Company.

d. Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, fully paid up by way of bonus shares and shares bought back for the period of the five years immediately preceding the reporting date.

	Aggregate number of shares as at 31 st March, 2012 (in lacs)	Aggregate number of shares as at 31 st March, 2011 (in lacs)
Equity shares allotted as fully paid up by way of bonus shares	-	-
Equity shares allotted as fully paid up pursuant to contract (s) without payment being received in cash	-	-
Equity Shares bought back by the Company	-	-

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

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

Class of shares and Name of shareholder Equity shares of ₹10/- each fully paid	As at 31 st March, 2012		As at 31 st March, 2011	
	Number (in Lacs)	% shareholding	Number (in Lacs)	% shareholding
Devakar Investment and Trading Company Private Limited	55.41	8.70	55.41	8.70
Adinath Investment and Trading Company	126.13	19.80	126.13	19.80
Vardhman Holdings Limited	154.03	24.20	154.03	24.20

f. Terms of securities convertible into equity/preference shares

N.A.

4. Reserves and surplus

	As at 31 st March, 2012 (₹ in lacs)		As at 31 st March, 2011 (₹ in lacs)	
Capital Reserve*				
Balance as per the last financial statements	285.00		285.00	
Add: Received during the year	30.00	315.00	-	285.00
Capital Redemption Reserve		600.00		600.00
Securities Premium Account				
Balance as per the last financial statements	20,990.54		1,427.12	
Add: Amount received during the year	-		19,411.76	
Add: Adjustment of tax effect on premium on redemption of FCCBs	-		2,511.74	
Less: Utilised for providing for the premium payable for the year on redemption of Zero Coupon Foreign Currency Convertible Bonds (FCCBs) (Net of Tax)	-		2,029.18	
Less: Utilised for expenses on QIP Issue	-		330.90	
Closing Balance		20,990.54		20,990.54
Statutory Reserve u/s 45-IC of RBI Act, 1934				
Balance as per the last financial statements	115.20		-	
Add: Amount transferred for earlier years from surplus in statement of profit and loss	35.00	150.20	-	-
General Reserve				
Balance as per the last financial statements	165,197.63		134,452.63	
Less: Transferred pursuant to cessation of subsidiary relationship	15,163.66			
Add: Transferred from surplus in statement of profit and loss	1,900.00	151,933.97	30,745.00	165,197.63
Surplus i.e. balance in the Statement of Profit and Loss				
Balance as per the last financial statements	33,092.05		17,990.09	
Add: Corporate Dividend Tax Written Back	138.02		123.45	
Add: Profit for the year transferred from Statement of Profit and Loss	14,136.29		52,525.98	
Less: Transferred pursuant to cessation of subsidiary relationship	714.81			
Less: Adjustment of preceeding year's tax effect in respect of premium paid on redemption of FCCB	-		2,511.74	
Balance available for appropriation	46,651.55		68,127.78	
Less: Appropriations				
- Proposed of equity dividend	3,483.39		3,573.06	
- Tax on dividend	694.16		717.67	
- Amount transferred to Statutory Reserve u/s 45-IC of RBI Act, 1934 (current year- ₹ 35.00 lacs, earlier years- ₹ 115.20 lacs)	150.20		-	
- Transferred to General Reserve	1,900.00		30,745.00	
Closing Balance		40,458.80		33,092.05
Total		214,413.51		220,165.22

* The capital reserve consists of capital subsidy received on account of government grant from respective state governments treated as promoter contribution for setting up of new industrial projects.

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

5. Long-term borrowings

Particulars	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Secured :		
-Term loans From banks*	204,356.89	192,117.67
Unsecured :		
-Deposits from public	-	0.17
Total	204,356.89	192,117.84

a). Details of security for term loans

Term loans from banks are secured by mortgage created or to be created on all the immovable assets of the Company, both present and future and hypothecation of all movable assets including movable machinery, machinery parts, tools and accessories and other movable both present and future (except book debts), subject to charges created or to be created in favour of the bankers for securing the working capital limits.

b). Terms of repayment of term loans*

As at 31 st March 2012 (₹ in lacs)	As at 31 March 2011 ₹ in lacs	Repayment Period from origination (years)	Installments outstanding as on 31 st March 2012	
			No.	Periodicity
15,350.00	-	5.0	20	Quarterly
101.23	415.18	4.0	1	Quarterly
17.75	73.67	4.1	1	Quarterly
355.70	463.28	5.0	5	Quarterly
17,100.00	311.66	5.0	20	Quarterly
1,631.34	1,790.14	7.3	15	Quarterly
426.02	1,756.16	8.0	1	Quarterly
1,012.50	2,325.00	8.0	2	Quarterly
900.80	1,173.22	8.0	5	Quarterly
14,350.00	15,150.00	8.0	13	Quarterly
4,272.32	4,667.36	8.0	14	Quarterly
6,053.66	6,623.36	8.0	15	Quarterly
12,925.00	13,565.00	8.0	16	Quarterly
67,398.31	72,913.62	8.0	17	Quarterly
15,841.40	17,039.84	8.0	18	Quarterly
16,700.00	17,885.00	8.0	19	Quarterly
3,440.00	3,660.00	8.0	20	Quarterly
17,700.00	18,500.00	8.0	21	Quarterly
4,130.00	3,850.00	8.0	29	Quarterly
14,700.00	11,300.00	8.0	30	Quarterly
23,100.00	11,350.00	8.0	32	Quarterly
3,025.00	3,325.00	8.0	37	Monthly
225,181.03	208,137.49			

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

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

6. Deferred tax liabilities (net)

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Deferred tax liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting period	24,298.70	24,252.42
Gross deferred tax liability	<u>24,298.70</u>	<u>24,252.42</u>
Deferred tax Assets		
Impact of expenditure charged to the statement of profit & loss in the current year but allowed for tax purposes on payment basis	1,081.80	1,146.92
Gross deferred tax asset	<u>1,081.80</u>	<u>1,146.92</u>
Deferred tax liability (net)	<u>23,216.90</u>	<u>23,105.50</u>

7. Other long-term liabilities

Other liabilities		
-Retention money	12.43	47.53
-Security payable	7.90	146.65
-Building cess	106.90	74.57
-Employee deposits	81.15	63.26
-Others	70.24	104.78
Total	<u>278.62</u>	<u>436.79</u>

8. Long-term provisions

Provision for employee benefits :		
- Leave encashment	512.24	485.89
Total	<u>512.24</u>	<u>485.89</u>

9. Short-term borrowings

Secured :		
i) Loans repayable on demand - From banks*	48,575.74	84,336.77
Unsecured :		
i) Loans repayable on demand - From related parties	1,947.30	1,943.55
Total	<u>50,523.04</u>	<u>86,280.32</u>

* Details of security for Working capital borrowings

Working capital borrowings from banks are secured by way of hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future fixed assets of the Company.

Terms of repayment of loans repayable on demand

- i) From banks are repayable on demand and carries interest @ 12.25% to 13.75% p.a.
- ii) From related parties carries interest @ 9.25% to 10% p.a.

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

10. Trade payables

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Trade payables		
Dues to others	11,623.87	12,279.78
Total	<u>11,623.87</u>	<u>12,279.78</u>

11. Other current liabilities

Current maturities of long-term debt* (refer note 5b)	20,826.83	16,043.94
Interest accrued but not due on borrowings	279.58	294.67
Interest accrued and due on borrowings	0.38	1.05
Income received in advance	10.00	-
Unpaid dividends#	124.93	122.58
Other payables		
- Statutory remittances**	1,941.51	1,972.85
- Retention money	704.07	353.36
- Expenses payable	10,229.66	9,295.11
- Creditors for Fixed assets	2,295.80	1,069.97
- Trade Deposits and Advance from customers	6,954.05	2,966.76
- Employee related payables	2,923.20	2,626.71
- Other payables	285.12	253.04
Total	<u>46,575.13</u>	<u>35,000.04</u>

* Current maturities of Long-term debt includes deposits from public amounting to ₹ 1.90 lacs (Previous Year : ₹ 23.98 lacs)

** Statutory remittance includes contribution to provident fund and ESIC, tax deducted at source, excise duty, vat, service tax etc.

Unpaid dividends do not include any amount due and outstanding required to be credited to the Investors' Education and Protection Fund.

12. Short-term provisions

Provision for employee benefits :		
- Leave encashment (current)	98.85	67.14
- Gratuity	449.59	726.91
Provision for proposed dividend on equity shares	3,534.40	3,573.04
Provision for tax on proposed dividend	694.16	717.67
Total	<u>4,777.00</u>	<u>5,084.76</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

13. FIXED ASSETS (₹ in lacs)

Particulars	Original Cost				Depreciation and Amortization				Net Block		
	Balance as at 1st April, 2011	Transferred pursuant to cessation of subsidiary relationship	Additions	Disposal	Other adjustments	Balance as at 31st March, 2012	Transferred pursuant to cessation of subsidiary relationship	Eliminated on disposal of assets	Other adjustments	Balance as at 31st March, 2012	Balance as at 31st March, 2011
Tangible Assets:											
Freehold Land	9,634.26	137.63	394.40	70.79	(2.51)	9,822.75	-	-	-	9,822.75	9,634.26
Leasehold Land	2,362.37	-	25.03	-	12.96	2,374.44	217.81	22.26 *	-	2,407	2,134.37
Buildings	72,541.37	1,663.39	5,527.96	49.38	104.06	76,252.50 #	771.93	1,921.40	10.84	13,696.06	62,556.44
Plant and Equipment	347,536.12	6,447.35	28,741.04	2,019.17	227.08	367,583.56	170,411.79	24,579.64	1,752.75	188,832.99	178,750.57
Furniture and Fixtures	1,819.55	72.99	146.36	6.52	0.51	1,885.89	1,034.02	149.79	4.70	1,128.05	757.84
Vehicles	1,145.95	104.42	238.35	54.86	5.46	1,219.56	387.12	99.75	27.31	442.27	777.29
Office equipment	2,308.82	115.33	276.26	15.75	18.71	2,435.29	1,482.58	174.94	9.19	1,554.54	880.75
Total (A)	437,348.44	8,541.11	35,349.40	2,216.47	366.27	461,573.99	186,100.33	26,947.78	1,803.53	205,893.98	251,248.11
Intangible Assets:											
Computer Softwares	298.43	-	63.87	-	-	362.30	265.34	15.46	-	280.80	81.50
Right to use Power lines	1,085.61	-	0.27	-	4.30	1,081.58	934.95	106.29	-	1,041.24	150.66
Brand Value	2,824.71	-	-	-	-	2,824.71	847.42	282.47	-	1,129.89	1,694.82
Total (B)	4,208.75	-	64.14	-	4.30	4,268.59	2,047.71	404.22	-	2,451.93	2,161.04
Grand Total (A+B)	441,557.19	8,541.11	35,413.54	2,216.47	370.57	465,842.58	188,148.04	27,352.00	1,803.53	208,345.91	253,409.15
Previous Year	417,640.26	-	25,103.56	603.42	583.21	441,557.19	162,309.78	26,467.43	348.24	188,148.04	253,409.15

Notes:

- # Includes ₹248.20lac (Previous year ₹248.20 lacs) cost of Residential flats at Mandideep, the land cost of which has not been excluded from this cost. The depreciation for the year has been taken on the entire cost of ₹ 248.20 lacs (Previous Year ₹ 248.20 lacs).
- * Represents proportionate premium for acquisition of leasehold land being amortised over the period of lease.
- Freehold land includes ₹ 417.59 lacs (Previous Year ₹ 417.59 lacs) for the cost of land at Baddi for which title deeds are yet to be executed in favour of the Company, though the possession thereof has been taken by the Company.
- Freehold land includes ₹ Nil (Previous Year ₹ 11.00 lacs) for the cost of land at Budhni, (Madhya Pradesh) for which title deeds are yet to be executed in favour of the Company, though the possession thereof has been taken by the Company.
- Buildings includes ₹ Nil (Previous Year ₹ 21.72 lacs) for the cost of Leasehold Building at Ludhiana, (Punjab).
- Plant & Machinery includes ₹ Nil (Previous Year ₹ 36.65 lacs) and Building includes ₹ Nil (Previous Year ₹ 46.39 lacs) for the amount allocated out of Project and Pre-operative Expenses.
- Borrowing cost amounting to ₹ Nil (Previous year ₹ 24.80 Lacs) has been capitalised during the year.
- Depreciation for the year includes net depreciation of ₹ (-) 101.35 lacs (Previous Year ₹ (-) 21.91 lac) pertaining to earlier years.

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Notes to Consolidated Financial Statements for the year ended 31st March, 2012

14. Non-current investments

(Long term investments)

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
I TRADE INVESTMENTS (at cost)		
a. Investment in Equity instruments (Unquoted)		
(i) In Associates		
- 3,00,000 (Previous year 3,00,000) Equity Shares of ₹10/- each fully paid-up of Vardhman Textile Components Limited	30.00	30.00
Less: goodwill arising on acquisition of shares in associates	0.70	0.70
Add: Accumulated profit from Associate Company	<u>49.11</u>	<u>48.72</u>
- 25,000 (Previous year 25,000) Equity Shares of ₹10/- each fully paid-up of Vardhman Spinning and General Mills Limited (formerly known as Vardhman Linen Limited)	2.50	2.50
Add: Capital Reserve arising on acquisition of shares in associate	0.42	0.42
Add: Accumulated profit from Associate Company	<u>4.58</u>	<u>4.52</u>
- 58,25,000 (Previous Year: Nil) Equity Shares of ₹10/- each fully paid up of Vardhman Special Steels Limited	582.50	
Add: Accumulated profit from Associate Company	<u>807.22</u>	-
(ii) In Others		
- 12,750 (previous year 8,461) equity shares of ₹ 1,000/- each fully paid-up of Perundurai Common Effluent Treatment Plant (a Section 25 Company)	127.50	84.61
II OTHER INVESTMENTS (at cost)		
a. Investment in Equity Instruments (Unquoted)		
- 4,495 (Previous year: 4,495) Equity shares of ₹10/- each fully paid-up of Shreshtha Holdings Ltd.,80 (Previous year 80) shares of ₹ 50/- each fully paid-up in the Valencia Co-operative Housing Society Limited, Mumbai and 5 (Previous year: 5) shares of Dalamal House Commercial Complex Society Ltd,Mumbai	0.45	0.45
- 41,000 (Previous Year: 41,000) Equity-Shares of ₹10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)	4.10	4.10
- 1,40,625 (Previous Year: 1,87,500) Equity Shares of ₹10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited	14.06	18.75
- 1,647,525 (Previous Year 1,647,525) Equity Shares of ₹ 10/- each fully paid up of Bharuch Eco-Aqua Infrastructure Ltd.	164.75	164.75
b. Investment in Government or trust securities		
National savings certificates (pledged with sales tax authorities)	0.10	0.10
c. Investment in mutual funds (quoted)		
Fixed maturity plans/Debt Funds		
50,000,000 (Previous Year: Nil) Units of ₹10/- each of Kotak FMP series 84- Growth	5,000.00	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of ICICI Prudential FMP series 63	2,500.00	-

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Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
- 15,000,000 (Previous Year: Nil) Units of ₹10/- each of UTI fixed maturity plan-Yearly FMP series : Institutional growth	1,500.00	-
- 11,008,200 (Previous Year: Nil) Units of '10/- each of UTI fixed maturity plan-Yearly FMP series : YFMP (03/12)-Growth plan	1,100.82	-
-25,000,000 (Previous Year: Nil) Units of '10/- each of SBI Debt Fund Series-13 months-Growth	2,500.00	-
-25,000,000 (Previous Year Nil) Units of ₹ 10/- each of Birla Sun Life Fixed Term Plan Series - Growth	2,500.00	-
-15,000,000 (Previous Year Nil) Units of ₹ 10/- each of HDFC Fixed Maturity Plan 400 days - Growth Series - XXI	1,500.00	-
-20,000,000 (Previous Year Nil) Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months -13 - Growth	2,000.00	-
-11,013,700 (Previous Year Nil) Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months -12 - Growth	1,101.37	-
-20,000,000 (previous year Nil) units of ₹10 each of SBI debt fund series -13 Months - Growth -	2,000.00	-
-10,000,000 (previous year Nil) units of ₹10 each of SBI debt fund series - 13 Months - 12 - Growth -	1,000.00	-
-20,000,000 (previous year Nil) units of ₹10/- each of HDFC FMP 400D March 2012 - units of ₹10/- each	2,000.00	-
- Nil (Previous Year 10,000,000) Units of ₹10/- each of Birla Sun Life Fixed Term Plan series CX-Growth Plan	-	1,000.00
-Nil (Previous Year 10,000,000) Units of ₹10/- each of Reliance Fixed Horizon Fund series 10- Growth Plan	-	1,000.00
Total	26,488.78	2,358.22
1. Aggregate amount of quoted investments	24,702.19	2,000.00
2. Aggregate Market value of quoted investments	33,126.16	2,002.94
3. Aggregate amount of unquoted investments	1,786.59	358.22
4. Aggregate provision for diminution in value of Investments	-	-
15. Long-term loans and advances		
(unsecured, considered good)		
Capital advances	4,033.05	3,123.30
Security deposits	1,517.55	1,611.31
Other loans and advances		
- Prepaid expenses	83.01	48.06
- Other recoverable	594.52	508.32
- Balance with government authorities	1,057.01	643.03
Total	7,285.14	5,934.02
16. Other non-current assets		
(unsecured considered good)		
Non current bank balances	66.36	3.62
Total	66.36	3.62

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

17. Current investments (valued at lower of cost and fair value)

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Investment in Equity instruments of other entities (Quoted)		
- 1,69,120 (Previous Year 1,69,120) Equity Shares of ₹10/- each fully paid up of Industrial Development Bank of India Limited	89.32	89.32
- 40,009 (Previous Year 40,009) Equity Shares of ₹10/- each fully paid up of Coal India Limited	98.02	98.02
- 6,909 (Previous Year 6,909) Equity Shares of ₹10/- each fully paid up of Moil Limited	43.65	43.65
Less : Provision for diminution in value of Investments	14.47	0.16
	216.52	230.83
Investment in Mutual Funds (Quoted)		
- Nil (Previous Year: 1,00,000) Units of ₹10/- each of SBI PSU Fund	-	10.00
- 5,000,000 (Previous Year: 5,000,000) Units of ₹10/- each of SBI Debt Fund Series-180 Days-11 Dividend	500.00	500.00
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of Kotak FMP 370 Days Series 9	-	2,500.00
- Nil (Previous Year 5,000,000) Units of ₹ 10/- each of Reliance Fixed Horizen fund - XVII Series 1 - Growth Plan.	-	500.00
- Nil (Previous Year 10,000,000) Units of ₹ 10/- each of SBI Debt Fund Series - Growth Plan.	-	1,000.00
	500.00	4,510.00
Investment in Debentures or Bonds (Quoted)		
- 1,000,000 (Previous Year 1,000,000) Units of ₹100/- each of 9.75% Trent 30/06/2017	1,016.09	1,016.09
Less : Provision for diminution in value of Investments	13.84	27.26
- 50 (Previous Year 50) units of ₹1,000,000/- each of DB Cholamandalam Bonds	500.35	512.77
- Nil (Previous Year 1,000,000) Units of ₹100/- each of 9.98% ICICI Perpetual Bonds	-	1,050.53
- 200 (Previous Year 200) Units of ₹1,000,000/- each of 9.90% Perpetual Bonds of Yes Bank	2,000.00	48.16
Less : Provision for diminution in value of Investments	48.00	2,000.00
- 500,000 (Previous Year 500,000) Units of ₹100/- each of Non Convertible Debentures of Ballarpur Industries Ltd.	507.83	35.14
Less : Provision for diminution in value of Investments	16.93	507.83
- Nil (Previous Year 1,000) Units of ₹ 100,000/- each of India Infrastructure Finance Co. Ltd. (IIFCL).	-	16.09
	3,945.50	491.74
	3,945.50	1,023.10
	3,945.50	5,983.67
Investment in Mutual Funds (Unquoted)		
Liquid Funds		
- Nil (Previous Year 4,692,809) Units of ₹10/- each of Templeton India Short Term Income Plan Mutual Fund	-	500.00
- Nil (Previous Year 10,000,000) Units of ₹10/- each of UTI liquid Mutual fund	-	1,000.00
- 1,000,000 (Previous Year Nil) Units of ₹1,000/- each of SBI Liquid Mutual Fund	10,004.47	-

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
- 2,000,095 (Previous Year Nil) Units of ₹100/- each of Birla Sun Life floating rate fund	2,000.50	-
- Nil (Previous Year 4,179,892) Units of ₹10/- each of SBI Liquid Mutual Fund	-	700.14
- Nil (Previous Year 15,000,000) units of ₹10/- each of Kotak Mutual Fund		1,500.00
- 498,603 (Previous Year Nil) units of ₹1,003.25 each of SBI PLF - daily dividend	5,002.23	-
	17,007.20	3,700.14
Investment in Debentures or Bonds (Unquoted)		
- 20 (Previous Year 20) Redeemable Debentures of ₹10,00,000/- each of Sky Deck Properties and Developers Private Limited	204.52	204.52
Less : Provision for diminution in value of Investments	13.99	-
	190.53	204.52
- Nil (Previous Year 1) Non-convertible Debenture of ₹ 100,000,000/- each of Solaris Holdings Limited.	-	1,056.30
- 10,875 (Previous Year Nil) 8% Tax-free Secured Redeemable Non- convertible Bonds of ₹ 1000/- each of Indian Railway Finance Coproration Ltd (IRFCL)	108.75	-
- 7,360 (Previous Year 7,360) 8.25% Zero Coupon Bonds of ₹ 13,578 each of Rural Electrification Corporation of India Limited.	999.34	999.34
- 25 (Previous Year 25) Redeemable Non-Convertible Debentures of ₹1,000,000/- each of Barclays Investments & Loans (India) Ltd	250.00	250.00
	1,548.62	2,510.16
Investments under Portfolio management services		
Equity Shares (Quoted)		
- Nil (Previous Year 16,470) Equity Shares of ₹10/- each fully paid up of Opto Circuits (India) Limited	-	44.19
- Nil (Previous Year 9,320) Equity Shares of ₹1/- each fully paid up of Sun Pharmaceuticals Industries Ltd	-	38.75
- Nil (Previous Year 4,881) Equity Shares of ₹2/- each fully paid up of Housing Development Finance Corporation	-	32.96
- Nil (Previous Year 7,866) Equity Shares of ₹10/- each fully paid up of Rural Electrification Corporation Ltd		24.02
Less : Provision for diminution in value of Investments	-	4.03
		19.99
- Nil (Previous Year 5,883) Equity Shares of ₹10/- each fully paid up of Shriram Transport Finance Co Ltd	-	42.07
- Nil (Previous Year 1,116) Equity Shares of ₹10/- each fully paid up of Bharat Heavy Electricals Ltd		26.00
Less : Provision for diminution in value of Investments	-	3.01
		22.99
- Nil (Previous Year 3,081) Equity Shares of ₹10/- each fully paid up of Torrent Power Ltd.		8.91
Less : Provision for diminution in value of Investments	-	1.23
		7.68

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
- Nil (Previous Year 6,775) Equity Shares of ₹2/- each fully paid up of Divis Laboratories Ltd	-	38.80
- Nil (Previous Year 9,140) Equity Shares of ₹10/- each fully paid up of Ess Dee Aluminium Ltd	-	41.15
Less : Provision for diminution in value of Investments		<u>2.99</u>
- Nil (Previous Year 12,940) Equity Shares of ₹2/- (Previous Year ₹ 10/-) each fully paid up of Lupin Ltd	-	52.25
Less : Provision for diminution in value of Investments		<u>0.21</u>
- Nil (Previous Year 4,881) Equity Shares of ₹2/- (Previous year ₹ 10/-) each fully paid up of Tulip Telecom Ltd	-	8.05
Less : Provision for diminution in value of Investments		<u>1.74</u>
- Nil (Previous Year 15,657) Equity Shares of ₹10/- each fully paid up of Yes Bank Ltd.	-	50.12
Less : Provision for diminution in value of Investments		<u>1.61</u>
- 7,931 (Previous Year 10,512) Equity Shares of ₹1/- each fully paid up of Zee Entertainment Enterprises Ltd	6.31	14.95
Less : Provision for diminution in value of Investments	<u>-</u>	<u>1.96</u>
- Nil (Previous Year 2,958) Equity Shares of ₹10/- each fully paid up of Bajaj Auto Ltd	-	45.57
Less : Provision for diminution in value of Investments		<u>2.39</u>
- Nil (Previous Year 2,582) Equity Shares of ₹5/- each fully paid up of Havells India Ltd	-	10.10
Less : Provision for diminution in value of Investments		<u>0.52</u>
- Nil (Previous Year 32,867) Equity Shares of ₹2/- each fully paid up of Greaves Ltd	-	32.16
Less : Provision for diminution in value of Investments		<u>1.04</u>
- Nil (Previous Year 16,229) Equity Shares of ₹1/- each fully paid up of Coromandal International	-	44.89
- Nil (Previous Year 792) Equity Shares of ₹2/- each fully paid up of Thermax Ltd.	-	5.47
Less : Provision for diminution in value of Investments		<u>0.70</u>
- Nil (Previous Year 2,247) Equity Shares of ₹10/- each fully paid up of Axis Bank Ltd -		29.82
- Nil (Previous Year 10,560) Equity Shares of ₹10/- each fully paid up of Coal India Ltd	-	33.55
- Nil (Previous Year 1,227) Equity Shares of ₹5/- each fully paid up of Infosys Technologies Ltd	-	39.50
- Nil (Previous Year 1,133) Equity Shares of ₹10/- each fully paid up of Nestle India Ltd	-	39.99
- Nil (Previous Year 2,732) Equity Shares of ₹1/- each fully paid up of Mothersons Sumi Systems Ltd	-	5.04
- Nil (Previous Year 596) Equity Shares of ₹10/- each fully paid up of Rallis India Ltd	-	7.79
- Nil (Previous Year 19,492) Equity Shares of ₹ 1/- each fully paid up of Exide Industries Ltd.	-	28.86
Less : Provision for diminution in value of Investments		<u>1.69</u>
- 2,879 (Previous Year 4,168) Equity Shares of ₹10/- each fully paid up of Hindustan Petroleum Corporation Ltd.	10.72	18.78
Less : Provision for diminution in value of Investments	<u>1.98</u>	<u>3.91</u>
	8.74	14.87

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
- 1,643 (Previous Year 1,643) Equity Shares of ₹10/- each fully paid up of Wyeth Ltd.	13.60	13.60
- 4,402 (Previous Year 4,126) Equity Shares of ₹2/- each fully paid up of Cipla Ltd	13.80	
Less : Provision for diminution in value of Investments	<u>0.37</u>	12.98
- 6,529 (Previous Year 5,495) Equity Shares of ₹10/- each fully paid up of Tata Communication Ltd	16.09	15.25
Less : Provision for diminution in value of Investments	<u>1.34</u>	<u>2.12</u>
- 37,579 (Previous Year 16,083) Equity Shares of ₹5/- each fully paid up of Television 18 India Ltd.	17.62	12.43
Less : Provision for diminution in value of Investments	<u>7.27</u>	<u>10.35</u>
- Nil (Previous Year 12,466) Equity Shares of ₹1/- each fully paid up of Triveni Engineering & Industries Ltd.	-	10.74
- 8,267 (Previous Year 6,773) Equity Shares of ₹1/- each fully paid up of Jubilant Life Sciences Ltd.	18.97	17.13
Less : Provision for diminution in value of Investments	<u>2.46</u>	<u>5.96</u>
- Nil (Previous Year 3,329) Equity Shares of ₹10/- each fully paid up of Indian Oil Corporation Ltd	-	12.01
Less : Provision for diminution in value of Investments	-	<u>0.93</u>
- 21,458 (Previous Year 18,708) Equity Shares of ₹1/- each fully paid up of Sundram Fasteners Ltd.	10.91	9.49
- 5,455 (Previous Year 7,015) Equity Shares of ₹2/- each fully paid up of Jagran Parkashan Ltd.	5.08	6.53
- 101,087 (Previous Year 56,949) Equity Shares of ₹1/- each fully paid up of Rico Auto Industries Ltd.	19.20	13.78
Less : Provision for diminution in value of Investments	<u>8.99</u>	<u>4.86</u>
- 19,992 (Previous Year 14,054) Equity Shares of ₹1/- each fully paid up of Orient paper & Industries Ltd.	11.75	8.07
Less : Provision for diminution in value of Investments	<u>-</u>	<u>0.26</u>
- Nil (Previous Year 12,337) Equity Shares of ₹ 10/- each fully paid up of Dhampur Sugar Mills Ltd.	-	7.99
Less : Provision for diminution in value of Investments	-	<u>0.63</u>
- 4,919 (Previous Year 2,424) Equity Shares of ₹ 10/- each fully paid up of Hikal Ltd	16.91	9.97
Less : Provision for diminution in value of Investments	<u>3.54</u>	<u>2.96</u>
- Nil (Previous Year 6,537) Equity Shares of ₹ 10/- each fully paid up of Power Grid Corporation India Ltd	-	6.29
- Nil (Previous Year 2,375) Equity Shares of ₹ 10/- each fully paid up of ITD Cementation India Ltd	-	6.05
Less : Provision for diminution in value of Investments	-	<u>1.45</u>
- 1,796 (Previous Year Nil) Equity Shares of ₹ 10/- each fully paid up of Gujrat State Fertilizers & Chemicals Limited	6.96	-
- Nil (Previous Year 2,440) Equity Shares of ₹ 2/- each fully paid up of IBN 18 Broadcast India Ltd	-	2.21
	<u>141.97</u>	<u>882.14</u>
Investment in debentures or Bonds (Quoted)		
- Nil (Previous Year 70,000) Units of ₹100/- each of 10% Punj Lloyd Ltd Bonds	-	77.03
- 50,000 (Previous Year 2,44,000) Units of ₹100/- each of 10.75% DPSC Bonds 03/11/2018	53.30	246.08
- Nil (Previous Year 6,20,000) Units of ₹100/- each of 11.35%	-	632.15

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Tata Motors Finance Limited Perpetual Bonds		
- Nil (Previous Year 30,000) Units of ₹100/- each of 7.45% LIC Housing Bonds 21/07/2012	-	30.61
- Nil (Previous Year: 30,000) Units of ₹100/- each of 7.50% WSPF Bonds 09/096/2020	-	31.15
- Nil (Previous Year 610,000) Units of ₹100/- each of Aircel CP 30/05/2011	-	573.62
- Nil (Previous Year 4,324,750) Units of ₹100/- each of IFCI Deep Discount Bonds 07/07/2036	-	387.50
- 50 (Previous Year 50) Redeemable Non-Convertible Debentures of ₹1,00,000/- each of India Infoline Services Limited.	50.00	50.00
Less : Provision for diminution in value of Investments	<u>1.12</u>	48.88
- 10 (Previous Year 10) Debentures of ₹1,000,000/- each of Barclays Investments	100.00	100.00
- 10,875 (Previous Year Nil) 8% Bonds of ₹1,000/- each of IRFC	108.74	-
- 100,000 (Previous Year Nil) 12.15% Secured Redeemable Non-convertible Debentures of ₹ 1,000/- each of Religare Finvest Limited	1,000.00	-
Investment in Certificate of Deposits (Quoted)		
- Nil (Previous Year 755,000) Units of ₹ 100/- each of OBC CD 21/12/2011	-	689.62
Investment in Liquid Funds / Debt Funds/ Monthly Income Plans (Unquoted)		
- Nil (Previous Year 269,949) Units of ₹ 100/- each of Kotak Liquid Institutional Fund Daily Dividend Re-investment Plan	-	33.00
- 100 (Previous Year Nil) Units of ₹ 1000/- each of Morgan Stanley liquid fund- Daily Dividend	1.00	-
- Nil (Previous Year 33000) Units of ₹ 100/- each of Kotak Liquid Institutional Fund -Daily Dividend Re-investment Plan	-	317.14
Total	<u>1,311.92</u>	<u>3,167.90</u>
Grand Total	<u>24,671.73</u>	<u>20,984.84</u>
1. Aggregate amount of quoted investments	6,235.22	14,597.39
2. Aggregate Market value of quoted investments	5,642.89	12,184.76
3. Aggregate amount of unquoted investments	18,570.81	6,560.44
4. Aggregate provision for diminution in value of investments	134.30	172.99

18. Inventories

(at cost or net realisable value, whichever is lower)

Raw materials (includes in transit ₹ 1,560.72 lacs, Previous Year ₹ 1,458.44 lacs)	102,030.20	121,768.57
Work-in-Progress	12,165.01	14,480.24
Finished goods	30,265.55	48,533.85
Less: Unrealised profit on consolidation	<u>172.49</u>	<u>155.83</u>
Stores and Spares (includes in transit ₹ 755.75 lacs, Previous Year ₹ 767.03 lacs)	9,188.32	8,661.69
Total	<u>153,476.59</u>	<u>193,288.52</u>

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

19. Trade receivables

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
a) Debts outstanding for a period exceeding six months from due date of payment		
- Unsecured, considered good unless otherwise stated	657.19	1,123.44
- Doubtful	422.10	439.79
Less: Allowances for doubtful trade receivables	422.10	439.79
	657.19	1,123.44
Other trade receivables :		
- Unsecured, considered good	62,380.86	65,594.22
Total	63,038.05	66,717.66

20. Cash and bank balances

Cash and cash equivalents

a) Balances with banks		
- In current accounts	7,296.78	4,001.09
- In deposit accounts with maturity upto three months	7.00	8.93
b) Cheques on hand	606.38	116.09
c) Cash on hand	277.46	236.33
d) Other bank balances		
- Earmarked balances with banks*	222.53	139.91
- Deposits with maturity more than three months but less than twelve months	24.91	60.22
- Deposits with more than twelve months maturity	19.06	2,503.62
	8,454.12	7,066.19
Less: Amounts disclosed as other non current assets (refer note 16)	66.36	3.62
Total	8,387.76	7,062.57

* Earmarked balances with banks includes ₹ 124.90 lacs (Previous year ₹ 122.55 lacs) pertaining to dividend accounts with banks and ₹ 97.63 lacs (Previous year ₹ 17.61 lacs) pledged with government authorities and others.

21. Short-term loans and advances

(unsecured considered good, unless otherwise stated)		
Loans and advances to related parties (refer note 36)	7,073.66	-
Others:		
Balance with government authorities	9,450.98	7,500.54
Claims receivables	154.15	449.99
Advances to suppliers	5,957.15	25,681.70
Prepaid expenses	411.79	398.80
Advance tax (net of provision for taxation)	1,920.74	2,298.45
Other recoverables :		
- Considered good	9,575.04	11,348.47
- Considered doubtful	118.87	23.19
	9,693.91	11,371.66
Less: Allowances for doubtful advances	118.87	23.19
Total	34,543.51	47,677.95

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

22. Other current assets

	As at 31 st March, 2012 (₹ in lacs)	As at 31 st March, 2011 (₹ in lacs)
Amount recoverable from Mahavir Share Trust in respect of shares held in trust	1,786.51	1,786.95
Mat credit recoverable	<u>600.94</u>	<u>600.94</u>
Total	<u>2,387.45</u>	<u>2,387.89</u>

23. Revenue from operations

	For the Year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
Sale of products	457,757.70	445,101.18
Sale of services	55.00	0.07
Other Operating revenues		
- Export benefits	8,703.62	3,153.85
- Others	<u>988.56</u>	<u>960.45</u>
Revenue from operations (gross)	<u>467,504.88</u>	449,215.55
Less : Excise duty	<u>3,433.86</u>	<u>7,369.72</u>
Revenue from operations (net)	<u>464,071.02</u>	<u>441,845.83</u>
Sale of products comprise:		
Yarn	250,272.76	211,178.13
Processed fabric	95,024.75	83,140.86
Thread	46,414.51	43,213.27
Fabric	24,610.32	23,901.38
Acrylic fibre and tow	20,117.59	23,472.58
Miscellaneous	19,030.59	14,540.81
Garments	846.70	0.88
Rolled Product	375.77	42,821.43
Power	112.74	938.05
Billets	8.27	406.96
Raw material (Others)	111.12	120.49
Raw material (Cotton)	663.25	1,337.50
Raw material (Fibre)	<u>169.33</u>	<u>28.84</u>
Total	<u>457,757.70</u>	<u>445,101.18</u>

24. Other income

Dividend income from long term trade investments	78.17	53.03
Dividend income from current investments	845.87	481.97
Net gain on sale of investments		
- Current investments	323.81	921.29
- Long-term investments	633.56	63.13
Net gain on foreign currency transactions and translations	966.80	654.78
Claims received	191.57	164.98
Provision no longer required written back	668.90	114.32
Adjustments to carrying amount of investments		
- Reversal of reduction in the carrying amount of current investments	25.45	8.99
Net gain on sale of fixed assets	390.82	165.92
Miscellaneous	1,667.87	783.97
Prior period items (net) (refer note 37)	-	59.09
Total	<u>5,792.82</u>	<u>3,411.47</u>

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

25. Cost of material consumed

	For the Year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
Cotton	186,155.82	136,806.32
Manmade fibre	27,016.34	21,960.25
Yarn	7,156.25	5,530.56
Fabric	255.17	13.26
others	459.53	25,303.46
Acrylonitrile	20,420.18	19,729.61
Total	241,463.29	209,343.46

26. Details of purchase of traded goods

Cotton	978.24	2,493.37
Manmade Fibre	8,862.11	10,232.28
Fabric	4.67	-
Yarn	76.60	70.02
Garments	2.18	29.88
Total	9,923.80	12,825.55

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

	For the Year ended 31 st March, 2012 (₹ in lacs)		For the year ended 31 st March, 2011 (₹ in lacs)	
Opening stock:				
Work-in-Progress	14,480.23		10,402.67	
Finished goods	48,533.85	63,014.09	26,682.38	37,085.05
Add : Stock transferred from trial run		-		63.66
Less: Cost of free box scheme		-		75.80
Less: Transferred pursuant to cessation of subsidiary relationship		6,837.61		-
Less: Insurance claim received on WIP destroyed in fire		-		34.52
		56,176.48		37,038.39
Less: Closing stock:				
Work-in-progress	12,165.01		14,480.24	
Finished goods	30,265.55	42,430.56	48,533.85	63,014.09
Total		13,745.92		(25,975.70)
Details of inventory :	Qty	Amount	Qty	Amount
<u>Work-in-progress</u>		(₹ in lacs)		(₹ in lacs)
Yarn		6,930.65		8,608.09
Fabric		1,339.02		1,888.41
Thread		2,216.80		2,334.83
Processed fabric		1,385.66		1,411.32
Garment		68.30		10.74
Acrylic Fibre		224.58		226.85
Total		12,165.01		14,480.24
<u>Finished goods</u>				
Yarn	8597 MT	15,527.52	12344 MT	25,490.65
Fabric	9.81 Mn Mtrs	6,285.15	11.15 Mn Mtrs	7,379.26
Thread		3,627.98		3,638.28
Processed fabric	3.43 Mn Mtrs	2,938.83	3.73 Mn Mtrs	3,366.48
Garments		316.99		81.12
Billets		Nil		2,993.45
Rolled		Nil		3,255.88
Acrylic fibre and tow	523.08 MT	745.97	553.56 MT	803.43
Others		823.11		1,525.30
Total		30,265.55		48,533.85

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

28. Employee benefits expense

	For the Year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
Salaries, wages and Bonus	25,800.51	23,681.73
Contribution to provident and other funds	2,854.92	3,047.37
Workmen and staff welfare	591.35	633.95
Total	29,246.78	27,363.05

29. Finance costs

Interest expense (net)	16,189.17	10,118.92
Other borrowing costs	1,172.67	654.13
Total	17,361.84	10,773.05

30. Other expenses

	For the Year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
Consumption of stores and spare parts	3,338.95	5,813.92
Dyes and chemicals consumed	12,652.71	12,111.65
Packing materials and charges	8,268.93	7,244.52
Power and fuel	46,043.67	45,703.16
Rent	291.77	256.99
Repairs and maintenance to buildings	976.63	1,185.86
Repairs and maintenance to machinery	10,791.64	10,429.47
Insurance	645.90	474.52
Rates and taxes	375.31	382.61
Auditors remuneration:		
- Audit fee	49.71	43.69
- Tax audit fee	8.10	6.56
- Reimbursement of expenses	5.03	7.72
- In other capacity	9.35	7.07
Bad debts written off	122.85	326.40
Provision for doubtful debts and advances	183.86	254.98
Adjustment to carrying amount of current investments		
- Reduction in the carrying amount of current investments	-	110.08
Forwarding charges and octroi	8,889.92	8,067.94
Commission to selling agents	4,771.55	3,685.48
Increase/(decrease) of excise duty on inventory	162.89	81.02
Rebate and discount	2,710.05	3,211.55
Miscellaneous	7,703.40	9,544.31
Prior period items (net) (refer note 37)	109.70	-
Total	108,111.92	108,949.50

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

31. Consolidation Information

(A) SUBSIDIARIES:

The Consolidated Financial Statements present the consolidated Accounts of Vardhman Textiles Limited and its subsidiaries and associates :

- | i) Name of Subsidiary: | Extent of Parent Company's Shareholding |
|---|---|
| a) VMT Spinning Co. Ltd. | 73.33 % |
| b) VTL Investments Ltd. | 100.00 % |
| c) Vardhman Yarns & Threads Ltd. | 51.00 % |
| d) Vardhman Acrylics Ltd. | 58.74 % |
| e) Vardhman Nisshinbo Garments Company Ltd. (formerly known as Vardhman Texgarments Ltd.) | 51.00 % |
| f) Vardhman Special Steels Limited (up to 7 th April, 2011) | 100.00 % |
- ii) Principles of consolidation:
- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"
 - The Consolidated financial statements are prepared using uniform accounting policies for the transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
 - The difference between the cost of investment and the parent's portion of equity in the subsidiary companies as on the date of the holding-subsidiary relationship coming into existence and at anytime thereafter is recognised as capital reserve/goodwill as the case may be.
 - Investments made by the parent Company in the subsidiary companies subsequent to the holding - subsidiary relationship coming into existence are eliminated while preparing the consolidated financial statements.
 - Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
 - Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
 - Unrealised profits on account of intra group transactions have been accounted for depending upon whether the transaction is an upstream transaction or a downstream transaction.
- iii) Consolidated financial statement have been prepared after making the following adjustments:
- The dividend received by the holding Company amounting to ₹ 850.82 lacs (Previous Year ₹ 743.25 lac) from its subsidiary companies included in the schedule of 'Other Income' in its individual balance sheet has been eliminated on consolidation.
 - The dividend received by the subsidiary Company amounting to ₹ 51.03 lacs (Previous Year ₹ 34.02 lacs) from its holding Company included in the schedule of 'Other Income' in its individual balance sheet has been eliminated on consolidation.
 - The Parent's portion of the proposed dividend amounting to ₹ 744.58 lacs (Previous Year ₹ 850.82 lacs) has been reduced from the aggregate of the proposed dividend as reflected in the financial statements of the subsidiary companies, as a result of which the profit carried to the consolidated balance sheet stands increased to that extent.
 - The subsidiary's portion of the proposed dividend amounting to ₹ 51.03 lacs (Previous Year ₹ 51.03 lacs) has been reduced from the aggregate of the proposed dividend as reflected in the financial statements of the holding Company, as a result of which the profit carried to the consolidated balance sheet stands increased to that extent.
 - The unrealised profit on intra group transactions amounting to ₹ 172.50 lacs (Previous Year ₹ 155.82 lacs) has been reduced from the share of profits of the Parents Company in the Consolidated statement of Profit and Loss.
 - Unrealised profit for the previous year amounting to ₹ 155.82 lacs (Previous Year ₹ 84.77 lacs) has been reversed during the year and has been reduced from the figure of unrealised profit amounting to ₹ 172.50 lacs (Previous Year ₹ 155.82 lacs) made during the year.

(B) ASSOCIATES

- Investment in associates has been accounted for as per the Equity Method of accounting as prescribed by Accounting Standard (AS) - 23 on "Accounting for Investments in Associates" as issued by Companies (Accounting Standards) Rules, 2006 in the Consolidated Financial Statements.
 - Goodwill amounting to ₹ 0.70 lacs arising on the investment made by the Company in the equity of its associate i.e. Vardhman

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

Textile Components Ltd. has been reduced from the carrying amount of investment in Consolidated Financial statements. The carrying amount of investment has also been adjusted thereafter to account for the share in the net assets of the associate after the date of acquisition of such shares.

- b) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates' Profit or Loss, through its reserves for the balance, based on available information.
- c) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- (ii) The details of investment in associates made by Vardhman Textiles Limited are given below:-

(₹ in lacs)						
Associate Company	Ownership Interest & Voting Power	Original cost of Investment	Amount of Capital Reserve included in original cost	Amount of Goodwill included in original cost	Accumulated profit at the year end	Carrying amount at Investment at the year end
Vardhamn Textile Components Ltd	21.43%	30.00	-	0.70	49.11	78.41
Vardhman Spinning & General Mills Limited	50.00%	2.50	0.42	-	4.58	7.50
Vardhman Special Steels Limited	31.39%	582.50	-	-	807.22	1,389.72

- (iii) Company's share of contingencies and capital commitment in its associate for which the Company is also contingently liable is ₹ Nil (Previous Year ₹ Nil).

	As At 31 st March, 2012	As At 31 st March, 2011
32. There are contingent liabilities in respect of the following items :		
No outflow is expected in view of the past history relating to these items :-	(₹ In Lacs)	(₹ In Lacs)
a) Claims not acknowledged as debts	1,160.88	1,653.47
b) Guarantee given by the Company on behalf of another Company, to the extent utilized.	232.90	232.90
c) Bank Guarantees and Letters of Credit outstanding	22,257.78	21,212.41
d) Bills discounted with banks	8,289.88	8,235.34
33. Estimated amount of contracts remaining to be executed on Capital Account (Net of advances)	25,256.66	45,675.14

34. Pursuant to a Scheme of Arrangement and Demerger (herein after referred to as the Scheme), the steel business undertaking of the Company together with all its assets and liabilities as specified in the Scheme stands vested with Vardhman Special Steels Ltd (VSSL) w.e.f. 1st January, 2011 as a going concern. VSSL was incorporated as a wholly owned subsidiary of the Company. Upon coming into effect of the Scheme and in consideration for the vesting of steel business, VSSL was required to issue and allot to the shareholders of the Company whose names are registered in the register of members on the record date 1 (One) fully paid up equity shares of ₹ 10/- each for 5 (Five) fully paid up equity shares of ₹ 10/- each in the Company. The Scheme was approved by the High Court of Punjab & Haryana on 12th January, 2011 and became effective from 15th March 2011, being the date of filing of certified copy of order of Hon'ble High Court with Registrar of companies, Chandigarh on 15th March, 2011 in accordance with the provisions of the section 391(3) of the Companies Act, 1956. VSSL has issued shares as specified herein above on 8th Apr, 2011. VSSL continued to be wholly owned subsidiary of the Company as at 31st March'2011 in view of the entire share capital held by the Company as on 31st March 2011 but the subsidiary-holding relationship has converted into associate-holding w.e.f. 8th April 2011 and hence VSSL ceases to be subsidiary as on 31st March 2012.

Separate financial statements of Vardhman Special Steels Ltd incorporating the steel business for the period 1st April, 2011 to 7th April, 2011 (previous year 1st jan, 2011 to 31st march, 2011) have been consolidated with the financial statements of the Company to comply with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements. The consolidated financial results of the Company should be read after taking into consideration the aforesaid fact. As stated hereinabove, the consolidation had to be effected to comply with the requirements of AS-21 since it was felt that the paragraph 11 dealing with the exclusion of a subsidiary for consolidation does not cover this peculiar circumstance.

35 Segment reporting:

Segment Information as required by Accounting Standard (AS)-17 on Segment Reporting issued by Companies (Accounting Standards) Rules, 2006 and as compiled on the basis of the consolidated financial statements is disclosed below :-

The Company has identified six segments as reportable segments viz. yarn, fabric, sewing thread, steel, fibre and garments. The yarn segment comprises production of various types of yarns (from cotton, manmade fibers and blends thereof) and yarn processing activities.

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

a) Primary segment information :

(₹ in lacs)

	Yarn		Fabric		S.Thread		Steel		Fibre		Garments		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE																
External sales	275,884.59	227,892.92	122,214.18	109,349.47	47,680.12	43,999.82	354.20	39,379.01	17,000.20	20,278.24	741.77	1.06	195.96	945.31	464,071.02	441,845.83
Inter-segment sales	69,801.73	72,134.04	346.53	84.68	270.53	377.81	-	-	21,989.25	19,560.94	-	-	14,487.45	12,577.14	106,895.49	104,734.61
Other income	2,630.52	1,703.91	887.13	69.95	580.82	66.60	1.50	18.96	107.40	(2.38)	7.04	(13.16)	21.73	87.28	4,236.14	1,931.16
Total revenue	348,316.84	301,730.87	123,447.84	109,504.10	48,531.47	44,444.23	355.70	39,397.97	39,096.85	39,836.80	748.81	(12.10)	14,705.14	13,609.73	575,202.65	548,511.60
RESULT																
Segment results	18,543.41	59,919.02	12,456.05	10,257.65	6,343.32	7,442.05	28.47	4,740.30	2,783.50	5,058.42	(268.23)	(216.66)	1,562.59	1,645.49	41,449.11	88,846.27
Unallocated Corporate Expenses (Net)															621.30	2,536.90
Operating profit															40,827.81	86,309.37
Interest expense															17,361.84	10,773.05
Income tax - Current															6,106.10	18,806.31
- Mat Credit entitlement															-	(260.25)
- Deferred															524.94	238.27
- Fring benefit															-	-
Profit from ordinary activities															16,834.92	56,751.99
Extraordinary loss / (income)															-	-
Net profit															16,834.92	56,751.99
OTHER INFORMATION																
Segment assets	322,339.71	353,389.98	102,039.00	101,986.31	52,870.67	45,507.64	-	25,700.83	30,396.93	22,333.37	3,869.99	2,605.72	17,781.72	22,081.62	529,298.02	573,605.47
Unallocated Corporate Assets															68,136.62	36,726.59
Total assets	322,339.71	353,389.98	102,039.00	101,986.31	52,870.67	45,507.64	-	25,700.83	30,396.93	22,333.37	3,869.99	2,605.72	17,781.72	22,081.62	597,434.64	610,332.06
Segment Liabilities	22,093.32	12,908.73	5,997.87	7,641.17	5,999.10	4,751.96	-	2,942.75	2,658.14	1,526.83	684.10	241.08	226.12	336.66	37,658.65	30,349.18
Unallocated Corporate Liabilities															281,627.97	322,143.30
Total liabilities	22,093.32	12,908.73	5,997.87	7,641.17	5,999.10	4,751.96	-	2,942.75	2,658.14	1,526.83	684.10	241.08	226.12	336.66	319,286.62	352,492.48
Capital expenditure	27,792.38	13,194.52	2,811.57	5,625.54	3,564.59	1,481.60	-	411.42	146.24	147.34	614.33	2,396.71	1.58	26.79	34,930.69	23,283.92
Depreciation & Amortisation	17,127.96	16,113.66	5,778.18	5,638.95	2,090.83	2,096.63	7.53	383.59	1,122.59	1,116.89	116.10	23.76	960.54	950.65	27,203.73	26,324.13
Non-cash expenses other than depreciation & amortisation	-	-	-	-	-	-	-	3.74	-	-	-	-	-	-	-	3.74

b) Secondary segment information :

	31 st March, 2012 (₹ in lacs)	31 st March, 2011 (₹ in lacs)
Segment revenue – External turnover		
- within India	2,95,468.70	3,11,471.48
- outside India	1,68,602.32	1,30,374.35
Total revenue	4,64,071.02	4,41,845.83

Segment Revenue & Expenses:

Segment revenue comprises sales to external customers and inter segment sales. Segment expenses comprises expenses that are directly attributable to the segment and expenses relating to transactions with other segments of the enterprise.

Segment assets & liabilities

Segment assets include all operating assets used by a segment and consist of cash and bank balances, debtors, inventories and fixed assets. Segment liabilities include all operating liabilities and consist of creditors and other liabilities. Segment assets and liabilities do not include current and deferred taxes.

Inter segment transfers:

Inter segment transfers are accounted for at prevailing market prices. These transfers are eliminated in consolidation.

36. Related party disclosure

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

- | | |
|-----------------------------|---|
| 1. Subsidiaries | VMT Spinning Co. Ltd
Vardhman Acrylics Ltd.
VTL Investments Ltd.
Vardhman Yarns & Threads Ltd
Vardhman Nishinbo Garments Company Ltd
(formerly known as Vardhman Texgarments Ltd)
Vardhman Special Steels Limited (up to 7th April, 2011) |
| 2. Associates | Vardhman Special Steels Ltd (w.e.f 8th April 2011)
Vardhman Textile Components Ltd
Vardhman Spinning & General Mills Limited
Marubeni Corporation, Marubeni Textiles Asia Limited, Toho Tenax Company Limited |
| 3. Key Management Personnel | Mr. S.P. Oswal
Mr. D.L.Sharma
Mr. B.K.Choudhary
Mr. Sachit Jain
Mrs. Suchita Jain
Mr. Neeraj Jain |

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

4. Enterprises over which Key Management Personnel and relative of such personnel is able to exercise significant influence

Vardhman Holdings Limited
 Vardhman Apprales Ltd
 Banarso Devi Oswal Public Charitable Trust
 Sri Aurobindo Socio Economic and Management Research Institute
 *Adinath Investment & Trading Co.
 *Devakar Investment & Trading Co. (P) Ltd.
 *Srestha Holdings Ltd.
 *Santon Finance & Investment Co. Ltd.
 *Flamingo Finance & Investment Co. Ltd.
 *Ramaniya Finance & Investment Co. Ltd.
 *Marshall Investment & Trading Co. (P) Ltd.
 *Pradeep Mercantile (P) Ltd.
 *Plaza Trading Co. (P) Ltd.
 *Mahavir Spinning Mills (P) Limited
 (Formerly known as Vardhman Textile Processors (P) Ltd.)
 *Anklesh Investments (P) Ltd.
 *Syracuse Investment & Trading Co. (P) Ltd.
 **Northern Trading Co.

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

** No transaction has taken place during the year.

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

Particulars	(₹ in Lacs)									
	Associates		Key Management Personnel (KMP)		Relatives of KMP		Enterprises over which KMP is able to exercise significant influence		TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase / processing of goods	289.53	3,486.43	-	-	-	-	-	-	289.53	3,486.43
Sale/processing of goods	60.63	-	-	-	-	-	-	-	60.63	-
Sale of DEPB licences	1,099.77	-	-	-	-	-	-	-	1,099.77	-
Purchase of Fixed Assets	-	-	20.88	-	-	427.00	-	-	20.88	427.00
Donation	-	-	-	-	-	-	100.00	300.00	100.00	300.00
Rent Paid	-	-	-	-	-	-	6.96	6.79	6.96	6.79
Payment against licence agreement*	-	-	-	-	-	-	82.50	82.50	82.50	82.50
Interest paid	-	17.57	-	-	-	-	184.80	151.44	184.80	169.01
Interest received	102.44	-	-	-	-	-	-	-	102.44	-
Rent received	0.30	-	-	-	-	-	-	-	0.30	-
Managerial remuneration	-	-	546.00	1,518.54	-	-	-	-	546.00	1,518.54
Loan Given(Including Opening Balance)	19,121.05	-	6.29	7.86	-	-	-	-	19,127.34	7.86
Loan Repayment	16,765.00	-	1.57	1.57	-	-	-	-	16,766.57	1.57
Closing Balance	2,356.05	-	4.72	6.29	-	-	-	-	2,360.77	6.29
Loan Taken (including opening balance)	-	-	-	-	-	-	6,705.05	5,372.75	6,705.05	5,372.75
Loan Repayment	-	-	-	-	-	-	4,757.75	3,429.20	4,757.75	3,429.20
Closing Balance	-	-	-	-	-	-	1,947.30	1,943.55	1,947.30	1,943.55

* including service tax

37. Prior period items are as follows :-

	For the year ended 31 st March, 2012 (₹ in lacs)	For the year ended 31 st March, 2011 (₹ in lacs)
(a) Prior Period Income	428.56	302.94
(b) Prior Period Expense	538.26	243.85

38. Interest expense includes interest income from :-

(i) Related parties	102.44	Nil
(ii) Current investments	1292.09	1395.78
(iii) Banks & others	1230.46	1488.92

Consolidated Results of Vardhman Textiles Limited

Notes to Consolidated Financial Statements for the year ended 31st March, 2012

39. Earning per share

The calculation of Earning Per Share (EPS) as disclosed in the Statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 on "Earning Per Share" issued by Companies (Accounting Standards) Rules, 2006.

A statement on calculation of basic and diluted EPS is as under:

	Current year (₹ in lacs)	Previous year (₹ in lacs)
Net Profit after tax & minority interest attributable to equity shareholders	14,136.29	52,525.98
Total (A)	14,136.29	52,525.98
Weighted average number of equity shares (No in lac)	625.18	590.37
Total (B)	625.18	590.37
Basic earning per Share (₹) (A/B)	22.61	88.97
Diluted earning per Share (₹) (A/B)	22.61	88.97
Face value per equity share (₹)	10.00	10.00

40. *The Company also hedges its foreign currency fluctuation exposure by way of foreign currency derivative options. The Company has taken various USD/INR options from banks. As at March 31, 2012, there are 10 options (Previous Year 15) against exports and 1 option (Previous Year 5) against Imports having a maturity period up to Feb 2016 (Previous Year Jan 2016). These derivative options are proprietary products of banks which do not have a ready market and are not tradeable in the open market. These options are marked to a model, which is bank specific instead of being marked to market. In view of the significant uncertainty associated with the above derivative options, the ultimate outcome of which depends on future events which are not under the direct control of the Company, the resultant gain/loss if any, on such open derivative options cannot be determined at this stage and has accordingly not been accounted for in the books of account.*

41. The detail of Goodwill as on 31.03.2012

	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
Goodwill as per last account	506.03	506.03
Less : adjusted against Capital Reserve on acquisition of shares	212.88	212.88
	293.15	293.15

42. The consolidated financial statements for the year ended 31st March, 2012 have been prepared as per Revised Schedule-VI to the Companies Act, 1956. Accordingly the previous year figures have been reclassified to confirm to this year's classification.

43. Figures in brackets indicate deduction.

44. Figures pertaining to the subsidiary companies have been regrouped/recast wherever necessary to bring them in line with the parent Company's financial statements.

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

SANJIV MOHAN
Partner
(M.No. 86066)
PLACE : NEW DELHI
DATED : 9th MAY, 2012

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman &
Managing Director
PLACE : GURGAON
DATED : 9th MAY, 2012

For and on behalf of the Board of Directors

Consolidated Results of Vardhman Textiles Limited

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

Name of Subsidiary Company	Financial Year ending of the Subsidiary	Number of Shares held & Face Value	Extent of Holding	For Financial Year of the Subsidiary		For the Previous Financial Years since it became a Subsidiary	
				Profit/(Losses) so far it concerns the members of the Holding Company and not dealt with the books of accounts of the Holding Company (Except to the extent dealt within Col.6)	Profit/(Losses) so far it concerns the members of the Holding Company and dealt within the books of accounts of the Holding Company.	Profit/(Losses) so far it concerns the members of the Holding Company and not dealt within the books of accounts of the Holding Company (Except to the extent dealt within Col. 8)	Profit/(Losses) so far it concerns the members of the Holding Company and dealt within the books of accounts of the Holding Company.
(1)	(2)	(3)	(4)	(5) (₹ in lacs)	(6) (₹ in lacs)	(7) (₹ in lacs)	(8) (₹ in lac)
VMT Spinning Company Limited	31.03.2012	1,51,80,060 of ₹ 10/- each	73.33%	(137.02)	Nil	4,410.55	1,827.74
VTL Investments Limited	31.03.2012	40,00,000 of ₹ 10/- each	100.00%	151.54	Nil	2,444.92	800.00
Vardhman Yarns & Threads Limited	31.03.2012	2,90,72,240 of ₹ 10/- each	51.00%	2024.95	Nil	5,926.22	1,694.97
Vardhman Acrylics Limited	31.03.2012	6,37,53,661 of ₹ 10/- each	59.14%	1,438.51	Nil	5,091.89	Nil
Vardhman Nishinbo Garments Company Limited	31.03.2012	71,40,000 of ₹ 10/- each	51.00 %	(216.00)	Nil	(99.00)	Nil

Note : There is no material change between the end of the financial year of the Subsidiaries and that of the Company.

For and on behalf of the Board

PLACE : GURGAON
DATED : 9th May, 2012

RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)

SACHIT JAIN
Executive Director

S.P. OSWAL
Chairman &
Managing Director

STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

(₹ in lacs)

Particular	VMT Spinning Company Limited		VTL Investments Limited (Formerly Known as Vardhman Threads Ltd.)		Vardhman Yarns & Threads Limited		Vardhman Acrylics Limited		Vardhman Nisshinbo Garments Company Limited	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
(a) Capital	2,070.02	2,070.02	400.00	400.00	5,700.64	5,700.64	10,853.25	10,853.25	1,400.00	1,400.00
(b) Reserves	5,737.51	6,014.66	2,596.46	2,444.91	32,707.92	30,261.28	14,228.03	11,779.10	(617.64)	(194.11)
(c) Total Assets	13,400.91	15,059.97	2,997.73	2,850.38	5,3017.80	48,842.29	30,631.22	27,192.69	3,938.40	2,711.13
(d) Total Liabilities	13,400.91	15,059.97	2,997.73	2,850.38	5,3017.80	48,842.29	30,631.22	27,192.69	3,938.40	2,711.13
(e) Details of investment (Except in case of Investment in the subsidiaries)	-	-	1,436.85	1,892.43	10,129.83	1,584.71	8,874.21	4,743.49	-	-
(f) Turnover(Net)	14,450.58	12,917.13	191.31	139.53	46,468.87	42,765.37	39,014.09	39,887.32	743.14	1.08
(g) Profit before Taxation	(241.29)	1,505.12	176.67	119.92	5,973.64	7,333.35	3,528.74	5,638.88	(425.20)	(199.61)
(h) Provision for Taxation	(54.44)	38.63	25.13	14.00	2,003.15	2,401.98	1,075.24	1,865.16	(1.67)	0.15
(i) Profit after Taxation	(186.85)	1,466.49	151.54	105.92	3,970.49	4,931.37	2,448.94	3,764.16	(423.53)	(199.76)
(j) Proposed dividend (including tax thereon)	120.29	288.70	-	-	1,523.85	1,523.85	-	-	-	-

Note: In terms of the provision of Section 212(8) of the Companies Act, 1956 read with General Circular No. 51/12/2007-CL-III, the Company has been granted a general exemption from attaching to the Balance Sheet of the Company, the Accounts and other documents of its Subsidiary Companies. However, the Consolidated Financial Statements of the Company, which include the results of aforesaid subsidiaries, are included in this Annual Report. Further, a statement containing the particulars prescribed under the terms of the said exemption for the Company's aforesaid Subsidiaries is also given above. The hard copies of the related detailed information can be sought by any investor of the Company or its Subsidiary on making a written request to the Company in this regard. The Annual Accounts of the aforesaid Subsidiary Companies are also available for inspection by any investor at the Registered Office of the Company and/ or its Subsidiaries.

For and on behalf of the Board

**PLACE : GURGAON
DATED : 9th May, 2012**

**RAJEEV THAPAR
CGM (Finance,
Accounts & Taxation)**

**SACHIT JAIN
Executive Director**

**S.P. OSWAL
Chairman &
Managing Director**

VARDHMAN TEXTILES LIMITED
REGD. OFFICE: CHANDIGARH ROAD, LUDHIANA - 141 010



PROXY FORM

I/We.....
of.....
in the Districtbeing a Member/Members
of Vardhman Textiles Limited hereby appoint.....
of.....in the
Districtfailing him/her
.....of.....
.....in the District
as my/our proxy to vote for me/us on my/our behalf at the 39th Annual General Meeting of the Company to be held at Registered Office of the
Company situated at Chandigarh Road, Ludhiana, at 5.00 p.m., on Saturday, the 1st day of September, 2012 and at any adjournment thereof.
Signed this.....day of.....2012.

Affix
Revenue
Stamp here

Signature.....
Address.....
Folio No./Client-Id.....

- 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 should reach the Company's Registered Office at least 48 hours before the time of meeting.

(TEAR HERE)

(TEAR HERE)

VARDHMAN TEXTILES LIMITED
REGD. 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.....
Address.....
.....Pin Code

(TEAR HERE)

VARDHMAN TEXTILES LIMITED
REGD. OFFICE: CHANDIGARH ROAD, LUDHIANA - 141 010



ATTENDANCE SLIP

I hereby record my presence at the 39th 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 1st day of September, 2012.

.....
Full Name of the Member
(IN BLOCK LETTERS)
Folio No./ Client-Id
.....
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.

Financial Highlights of Five Years

	(Rs. in Crore)				
Parameters	2011-12	2010-11 [#]	2009-10	2008-09	2007-08
Gross sales (Domestic + exports)	3,919.46	3,636.96	2,767.22	2,495.38	2,346.36
FOB Value of Exports	1,603.08	1,218.26	704.00	627.03	450.51
Net Profit	109.67	469.70*	213.76	140.77*	122.54
Profit Before Tax (PBT)	145.46	608.61*	287.02	203.10*	168.98
Cash Profit (PBT + Dep)	380.13	834.63*	507.89	410.42*	323.54
Gross Block (GFA + CWIP)	4,151.48	3,796.27	3,611.65	3,414.27	3424.1
Net Block (NFA + CWIP)	2,377.06	2,239.75	2,223.01	2,240.66	2,349.82
Paid up Share Capital	63.65	63.65	57.77	57.77	57.77
Net Worth	1,996.02	1,918.26	1,455.85	1,272.75	1,172.14
Capital Employed	4,831.12	4,947.07	4,273.03	3,945.94	3,703.34
Debt Equity Ratio	1.22:1	1.48:1	1.78:1	1.96:1	1.76:1
Current Ratio	2.11:1	2.44:1	3.41:1	3.08:1	2.74:1

#The figure for FY 2010-11 have been recast/regrouped as per Revised Schedule-VI of the Companies Act, 1956.

* Includes profit on sale of discontinued operations.

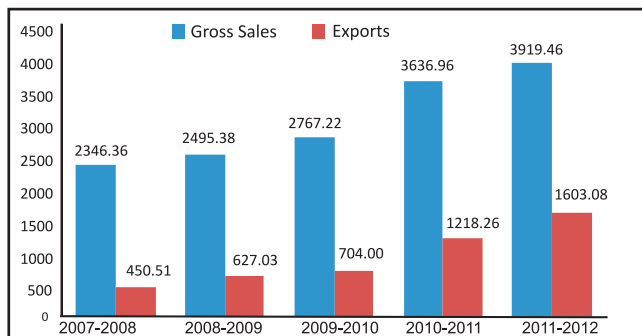
The figures for the FY 2011-12, 2010-11, 2009-10 and 2008-09 are not comparable with the figures of the FY 2007-08 as the figures for the FY 2011-12, 2010-11, 2009-10 and 2008-09 do not include the figures of sewing thread business including the spinning unit at Hoshiarpur which stood vested with Vardhman Yarns & Threads Ltd. w.e.f. 1.04.2008 pursuant to the Scheme of Arrangement, Re-organisation and Demerger. Similarly, the figures for the Financial Year 2010-11 are not comparable with the previous years figures as these figures include the figures of only 9 months of the Steel Business as this Business stands vested in Vardhman Special Steels Limited w.e.f. 1st January, 2011.

Equity Shares Data of Five Years

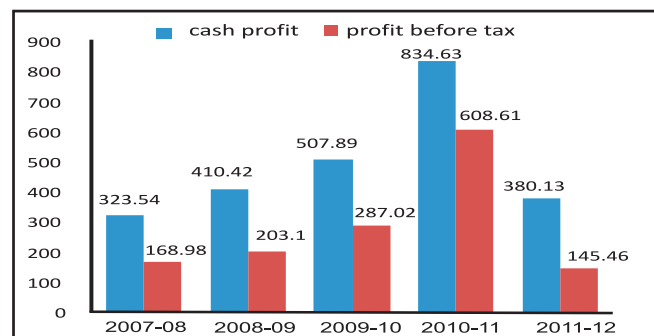
	2011-12	2010-11	2009-10	2008-09	2007-08
Book value per share (₹)	313.58	301.37	252.01	220.31	202.9
Earnings Per Share (₹)					
Basic	17.23	78.06	37	24.37	21.21
Diluted	17.23	78.06	31.83	18.48	13.58
Cash Earnings Per Share (₹)	59.72	131.16	87.92	71.04	56
Dividend per Share (₹)	4.5	4.5	3	2	4
Price to Basic Earnings (P/E)	11.59	3.32	7.19	1.95	4.89
Price to Cash Earnings	3.34	1.97	3.03	0.67	1.85
Price to Book Value	0.64	0.86	1.06	0.22	0.51

Price to Basic Earnings (P/E), Price to Cash earnings and Price to Book value has been calculated after taking into account the closing price of the Shares of the Company on 31/03/2012 on Bombay Stock Exchange i.e. Rs. 199.75.

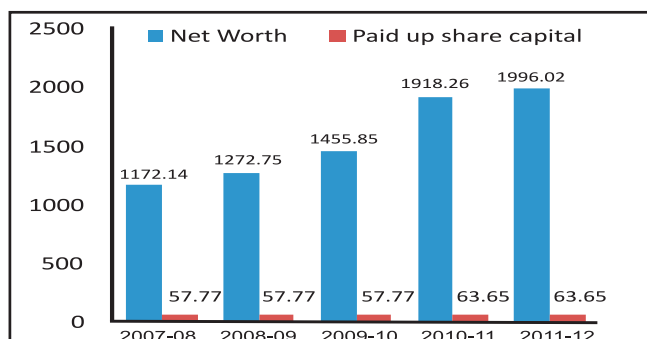
Gross Sales and Exports (₹ in Crore)



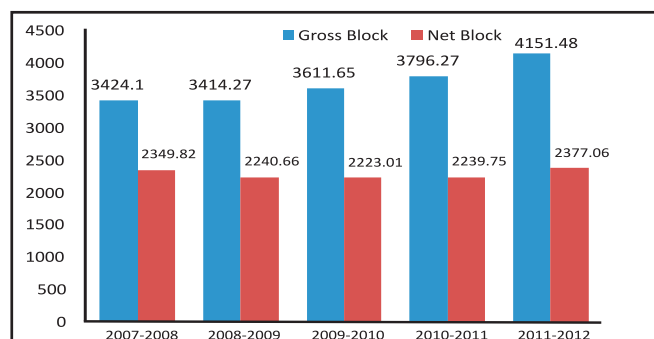
Cash Profit and Profit Before Tax (₹ in Crore)



Shareholder's Funds (₹ in Crore)



Gross Block and Net Block (₹ in Crore)



Previous years' figures have been recast/regrouped wherever necessary to make these comparable with Current Year's figures.



A panoramic view of the state-of- the art weaving loom machine producing grey cotton fabric at the integrated textile unit of the company at Vardhman Fabrics, Budhni



Baking machine in operation for making S.S.P (Wrinkle free) shirts at one of the subsidiaries of the Company- Vardhman Nisshinbo Garments Company Limited, Ludhiana.