



26th Annual Report  
2009-2010

**VARDHMAN INDUSTRIES LIMITED**



## **VARDHMAN INDUSTRIES LIMITED**

### **BOARD OF DIRECTORS**

Mr. Kapil Kumar Jain	Chairman
Mr. Rahul Jain	Managing Director
Mr. Vikram Jain	Whole Time Director
Mr. Suresh Gupta	Director
Mr. Ashok Kumar Jain	Director
Mr. Ashwani Kumar	Director
Mr. S. K. Vig	Director
Mr. Rahul Gupta	Director

### **AUDITORS**

M/s Raj Gupta & Co.  
Chartered Accountants  
Miller Ganj, Ludhiana - 141 003

### **BANKERS**

Punjab National Bank  
Large Corporate Branch  
Bhagwati Tower, R.K. Road,  
Ludhiana - 141 003.

State Bank of India  
Specialised Commercial Branch  
Miller Ganj, Pahwa Hospital Complex,  
Ludhiana - 141 003.

### **REGISTERED OFFICE**

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

### **HEAD OFFICE**

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

### **WORKS**

- (i) G.T. Road, Pawa, Sahnewal,  
Ludhiana - 141 120 (Punjab)
- (ii) G. T. Road, Village Bapror,  
Tehsil Rajpura, Distt. Patiala (Punjab)
- (iii) G.T. Road, Nandpur, Sahnewal,  
Ludhiana - 141 120 (Punjab)

<b>CONTENTS</b>	<b>Page Nos.</b>
Notice	1-2
Directors' Report	3-11
Auditors' Report	12-13
Balance Sheet	14
Profit & Loss Account	15
Annexures	16-21
Notes on Accounts	22-26
Balance Sheet Abstract	27
Cash Flow Statement	28



## VARDHMAN INDUSTRIES LIMITED

### NOTICE

Notice is hereby given that the 26th Annual General Meeting of the members of Vardhman Industries Limited will be held on Wednesday, the 15th September, 2010 at 1.30 P.M. at M4ii, A-40, Mahendru Enclave, Main G.T. Karnal Road, Mehfil Complex, Delhi-110 033 to transact the following business:-

#### AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, Profit and Loss Account for the year ended on that date together with the Reports of Auditors and Directors thereon.
2. To declare dividend on equity shares.
3. a) To appoint a Director in place of Mr. Kapil Kumar Jain, who retires by rotation and being eligible offers himself for reappointment.  
b) To appoint a Director in place of Mr. Suresh Gupta who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to fix their remuneration.

#### AS SPECIAL BUSINESS

5. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), IF ANY, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

"Resolved that pursuant to the provisions of section 198, 269, 309, 311, 314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or enactment thereof for the time being in force), the approval of the members of the Company be and is hereby given to the payment of increased remuneration increased from Rs. 1,00,000/- (Rs. One lac) per month to upto an amount of Rs. 2,50,000/- (Rs. Two lac fifty thousand) per month to Mr. Vikram Jain as Whole Time Director of the Company w.e.f 01.04.2010 till the remaining period of his tenure i.e. upto 30.04.2012."

"Resolved further that the other terms and conditions of his appointment will remain the same."

#### Minimum Remuneration:

Further in the event of loss or inadequacy of profits in any financial year during the tenure of Whole Time Director, the aforesaid remuneration proposed to be paid to the appointee shall be paid to him as minimum remuneration also.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the aforesaid appointment and/or agreement in such form and manner or with such modifications as the Board may deem fit in this regard."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such deeds, acts or things and to execute all such documents, instruments, agreements or writings as may be required to give effect to the above resolution."

**By order of the Board of Directors**

**Sd/-**

**(RAHUL JAIN)**

**MANAGING DIRECTOR**

**PLACE : LUDHIANA**

**DATED : 10.08.2010**

#### NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and the proxy need not be a member of the company. Proxy Form, in order to be effective, must be delivered at the Regd. office of the Company atleast 48 hours before the scheduled time of the meeting. The blank Proxy Form is enclosed.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 5 is annexed hereto and forms part of the Notice.



## **VARDHMAN INDUSTRIES LIMITED**

---

---

3. The Register of Members and Share Transfer Books of the company will remain closed from Friday, the 10th day of September, 2010 to Wednesday, the 15th day of September, 2010 (both days inclusive).
4. Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Share Transfer Agents of the company. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants (DPs).
5. The dividend, as recommended by the Board of Directors, if declared at the annual general meeting, will be paid on or around 14th October, 2010 to those members who hold shares in physical form and whose names appear on the Company's Register of Members on Wednesday, 15th September, 2010. As regards shares held in electronic form, the dividend will be paid to the beneficial owners of the shares as at the close of business hours on Wednesday, 15th September, 2010 as per the particulars of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
6. Members are requested to send their queries on the accounts, if any, so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have relevant information ready at the meeting.
7. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.
8. Members may also note that the equity shares of the company have been included in the list of securities for compulsory trading in dematerialised form under ISIN No. INE458 E 01014. Shareholders are, therefore, advised to dematerialise their shareholding to avoid inconvenience in future, They are requested to send their Dematerialisation Request Form (DRF) through their Depository Participant (DP).

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 5 OF SPECIAL BUSINESS:**

#### **FOR ITEM NO. 5**

Mr. Vikram Jain had been re-appointed by the Board in its meeting held on 30th April, 2007 as Whole Time Director of the Company for a period of five years with effect from 01.05.2007 on the terms and conditions approved by the Board of Directors and the Shareholders in their annual general meeting held on 07.08.2007. The Board of Directors in its meeting held on 31.03.2010 has decided to increase the remuneration payable to him from Rs.1,00,000/- (Rs. One lac) per month to an amount upto Rs.2,50,000/- (Rs. Two lac fifty thousand ) per month with other terms and conditions remaining unchanged w.e.f 01.04.2010 till the remaining period of his tenure i.e upto 30.04.2012 as stated in resolution no. 5 above.

The Board recommends the resolution for your approval.

The above may be treated as an abstract of the terms and conditions of the appointment of Mr. Vikram Jain pursuant to Section 302 of the Companies Act, 1956.

#### **MEMORANDUM OF INTEREST**

None of the Directors except Mr. Vikram Jain, the appointee and Mr. Kapil Kumar Jain and Mr. Rahul Jain being his relatives is interested in the resolution.

**By order of the Board of Directors**

**Sd/-**

**(RAHUL JAIN)**

**MANAGING DIRECTOR**

**PLACE : LUDHIANA**

**DATED : 10.08.2010**

**DIRECTORS' REPORT**

To

The Members,

We have pleasure in presenting the 26th Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31st March, 2010

**FINANCIAL RESULTS**

	(Rupees in Lacs)	
	CURRENT YEAR	PREVIOUS YEAR
<b>Turnover (Gross)</b>	<b>28442.96</b>	29731.75
Profit before Interest, Depreciation and Tax	<b>1868.69</b>	1164.12
Less : Financial Expenses	<b>633.36</b>	515.29
<b>Cash Profit before Tax</b>	<b>1235.33</b>	648.83
Less :		
Provision for Depreciation	<b>339.13</b>	325.23
Taxes : Current Tax & FBT	<b>217.00</b>	86.50
Deferred Tax	<b>99.85</b>	29.35
<b>Profit after Tax</b>	<b>579.35</b>	207.75
Add:		
Balance b/f from Previous Year	<b>3757.79</b>	3588.44
<b>Profit available for appropriations</b>	<b>4337.14</b>	3796.19
<b>Appropriations :</b>		
Proposed Dividend	<b>78.95</b>	-
Tax on dividend	<b>13.11</b>	-
Provision for Gratuity	-	13.40
Transferred to General Reserve	<b>25.00</b>	25.00
Surplus Carried to Balance Sheet	<b>4220.08</b>	3757.79
	<b>4337.14</b>	3796.19

**OPERATIONS:**

We are pleased to report that during the year under review, your company has recorded a fabulous jump of about 179 % in profit after tax which has risen from Rs. 207.75 lacs in previous year to Rs. 579.35 lacs despite a marginal decline of about 4 % in Gross Turnover from Rs. 29731.75 lacs in previous year to Rs. 28442.96 lacs. This has been made possible mainly due to better product mix and better sale realisation particularly in value added products such as GP/GC Sheets, Colour Coated Sheets and Puff Panels etc.

**EXPORTS:**

We are pleased to inform you that during the year under review the Company laid more emphasis on Exports by exploring new markets for its products in various countries such as Angola, Australia, Congo, Iran, Somalia, South Africa, Tanzania, Malawi and UAE. Despite all out efforts made by the management for exports of its products, the company's exports have declined from Rs. 5921.00 lacs to Rs. 5172.64 lacs. The company has been able to make major dent in export markets despite stiff competition and the management is quite hopeful that in future it will be able to achieve better results on Export front.

**DIVIDEND:**

Encouraged by the robust performance and profitability of the Company, your Directors are pleased to recommend a maiden dividend of 10 % (Rs. 1.00 per equity share of Rs. 10/- each) for the year ended 31.03.2010.

**LISTING OF SHARES:**

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The company has duly paid the listing fee to Bombay Stock Exchange Limited, Mumbai upto the Financial Year 2010-11.

**FIXED DEPOSITS:**

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



## VARDHMAN INDUSTRIES LIMITED

### **DIRECTORS:**

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

### **CORPORATE GOVERNANCE :**

Corporate Governance and Management Discussion and Analysis Reports along with Certificate of the Auditors of your company pursuant to clause 49 of the Listing Agreement with the Stock Exchange has been included in the report as Annexure-I. Your company has been practicing the principle of good Corporate Governance over the years. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

### **AUDITORS :**

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

### **AUDITORS' REPORT :**

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

### **AUDIT COMMITTEE :**

Presently the constituent members of the Audit Committee are Mr.. Suresh Gupta, Mr.. S.K. Vig, Mr. Ashwani Kumar and Mr. Ashok Kumar Jain. Mr. Suresh Gupta is the Chairman of the said Committee. The Committee met five times during the year under review.

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

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

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

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

Statement pursuant to section 217(2A) of the Companies Act, 1956 and the companies (Particulars of Employees) rules, 1975 is given below:

Name of Director	Age	Designation & Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment held
Mr. Rahul Jain	36	Managing Director* looking after all managerial functions of the Company	2053600/-	B.Com.	14	01.08.2009	Vallabh Steels Limited

(\*) Salary paid w.e.f 01.08.2009

### **DIRECTORS' RESPONSIBILITY STATEMENT :**

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

### **ACKNOWLEDGEMENT :**

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

**By order of the Board of Directors**

**Place : Ludhiana  
Date : 10.08.2010**

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

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



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

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

**(a) Industry Structure and Development**

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

The Indian Steel Industry has witnessed divergent trends in the financial year 2009-10. In the first quarter the prices of steel were better as compared to prices prevailing in the last quarter of financial year 2008-09. However, subsequently the prices stabilized or declined which even affected the demand adversely.

During the later part of year, however, the demand started picking up but without any significant rise in prices due to various factors which included timely announcement of monetary and fiscal stimulus measures by Govt. of India in the shape of removal of export duty, increase of excise duty and increase in export duty on iron ore; increase in local consumption in rural and semi urban areas which were unaffected by global slowdown; and reduction in inventory at producer, user and dealer levels.

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

The Gross turnover of the other units remaining with the Company during the year 2009-10 was Rs. 28442.96 lacs as against Rs. 29731.75 lacs in the previous year. The net profit after tax has increased to Rs. 579.35 lacs as compared to Rs. 207.75 lacs in the previous year.

**(c) Dividend**

The Directors are pleased to recommend a dividend of 10 % (Rs.1.00 per equity share of Rs.10/- each) for the year ended 31.03.2010.

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

The Iron & Steel Industry as a whole continues to witness reasonably better trends. The diversified product mix, expected economies of scale, highly responsive market conditions both in domestic and overseas markets, give the management surety for having optimistic outlook for substantial growth in the operating performance of your company in near future.

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

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

1. Better trends are continuing in user sector and it is expected that such trends will persist and may improve also in the times ahead. Your company by virtue of quality and market oriented specification of its products have posted profitable operations during the most trying times in the past. As such current buoyant conditions are paving way for major strides towards improved performance in future.
2. Well established customers base for different products for the last over 25 years.
3. Your company's recently adopted strategy of taking its products to new markets in India and abroad has been a great success. Encouraging feedback from overseas customers gives optimism of momentum for its growth.
4. Your Company is fully poised to reap the benefits of economies of scale and it will be in a better position to negotiate raw material prices on long term bulk lifting basis & definite savings on overheads will bring down the cost per unit of production and lead to higher profitability.
5. Your Company has strategic advantage, as its units are located in the industry friendly area having all infrastructural facilities.



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

Your company has adequate internal control systems commensurate with its size and nature of business to ensure efficient utilisation and protection of assets, compliance with statutes and proper recording of all transactions.

In addition, the company has engaged M/s Gupta Sanjeev & Co., Chartered Accountants as external independent agency to conduct internal audit of the affairs of your company.

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

**(f) Risk Management :**

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

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

**(g) Cautionary statement :**

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

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

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

In pursuance of the above, the Board of directors has constituted committees to implement its policies and guidelines and has set up adequate review systems for exercising effective management control and ensuring compliance of laws. There is adequate representation of independent directors on the Board. We believe in timely and transparent disclosure of information.

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

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

**(3) BOARD OF DIRECTORS :**

**(a) Board Meetings :**

During the financial year 2009-10, thirteen board meetings were held on 08.05.2009, 30.06.2009, 31.07.2009, 31.08.2009, 30.09.2009, 08.10.2009, 12.10.2009, 22.10.2009, 31.10.2009, 23.12.2009, 30.01.2010, 24.02.2010 and 31.03.2010.





## VARDHMAN INDUSTRIES LIMITED

### (b) Composition:

The Board comprises of eight directors of which five are independent non-executive directors. The details of the Board composition, attendance of directors at Board Meetings and their other directorships are given below:

Sr. No.	Name of Director	Designation	Category	No. of Board Meetings Attended	Attendance at last AGM	Total No. of Directorships in Public Companies		No. of Committee positions in Public Companies	
						Chairman	Member	Chairman	Member
1	Mr. Kapil Kumar Jain	Chairman	Promoter	13	Yes	3	1	--	2
2	Mr. Rahul Jain	Managing Director	Promoter	13	No	--	4	--	--
3	Mr. Vikram Jain	Whole Time Director	Promoter	13	No	--	3	--	--
4	Mr. Suresh Gupta	Director	Independent	13	Yes	--	2	2	1
5	Mr. Ashwani Kumar	Director	Independent	5	No	--	8	3	4
6	Mr. S.K. Vig	Director	Independent	7	Yes	--	2	1	2
7	Mr. Ashok Kumar Jain	Director	Independent	7	Yes	--	2	--	1
8	Mr. Rahul Gupta	Director	Independent	5	No	--	1	--	--

### (c) Information of Directors Appointed/re-appointed

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

1. Mr. Kapil Kumar Jain aged about 60 years is a Commerce Graduate and has an experience of over 36 years in Business and Industry.
2. Mr. Suresh Gupta aged about 44 years is a Chartered Accountant by profession and is the member of the Institute of Chartered Accountants of India. He has an experience of over 22 years in profession.

### (d) Audit Committee

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

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

The Audit Committee met five (5) times on 30.06.2009, 31.07.2009, 31.08.2009, 31.10.2009 and 30.01.2010. All the members of the Committee attended all the meetings alongwith Statutory Auditors and Internal Auditors as invitees.

### (e) Remuneration Committee

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

All these members are non-executive independent Directors of the Company. The Remuneration Committee met twice on 31.08.2009 and 31.03.2010 to recommend the remuneration payable to Mr. Rahul Jain and Mr. Vikram Jain respectively. All the three members were present at the said meetings.

### (4) DIRECTORS' REMUNERATION:

The company pays remuneration to the Managing Director and the Whole Time Director as approved by the members of the company in the general body meeting. The details of remuneration paid to them during the year 2009-10 are given below: (Amount in Rs.)

NAME	DESIGNATION	TENURE OF APPOINTMENT	SALARY	PERKS	TOTAL
Mr. Kapil Kr. Jain	Mg. Director*	01.09.08 to 31.07.09	400000/-	202010/-	602010/-
Mr. Rahul Jain	Mg. Director**	01.08.09 to 27.08.11	2000000/-	53600/-	2053600/-
Mr. Vikram Jain	Whole Time Director	01.05.07 to 30.04.12	1200000/-	80400/-	1200000/-

(\*) 1st April, 2009 to 31st July, 2009

(\*\*) w.e.f 1st August, 2009

Non-executive independent directors have not been paid any remuneration during 2009-10.

**(5) SHAREHOLDERS GRIEVANCE COMMITTEE:**

The company has Shareholders Grievance Committee under the chairmanship of Mr. S.K. Vig and other members being Mr. Kapil Kumar Jain, Mr. Ashwani Kumar and Mr. Suresh Gupta. The compliance officer of this committee is Mr. Pawan Maggu. The quorum for the meeting is two directors and the committee meets frequently to dispose off investors' complaints/requests. During the year 2009-10 the committee met 13 times.

During the year 2009-10, the company received very few complaints/requests comprising of non-receipt of annual report, demat queries/requests and requests for transfers and demat etc. & all the complaints were duly resolved and requests duly complied within a period of about 20 days. There was no pendency in respect of shares received for transfers/dematerialisation.

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

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

MEETING	DAY, DATE & TIME OF MEETING	VENUE	NO. OF SPECIAL RESOLUTIONS
25th AGM	Wednesday, 30.09.09, 1.30 PM	M4ii, Mahendru Enclave, Main G.T. Karnal Road, Mehfil Complex, Delhi	2
24th AGM	Tuesday, 12.08.08, 1.30 PM	M4ii, Mahendru Enclave, Main G.T. Karnal Road, Mehfil Complex, Delhi	1
23rd AGM	Tuesday, 07.08.07, 1.30 PM	M4ii, Mahendru Enclave, Main G.T. Karnal Road, Mehfil Complex, Delhi	1

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

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

**(c) RESOLUTION PASSED DURING THE FINANCIAL YEAR 2009-10 THROUGH POSTAL BALLOT:**

No resolution was passed by postal ballot during the financial year 2009-10.

**(7) CODE OF CONDUCT:**

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

**(8) DISCLOSURES:**

During the period under review, there was no material significant transaction with the promoters, directors, management, their relatives etc. that may have potential conflict with the interest of the company at large. There has not been any non-compliance by the company in respect of which penalties or strictures have been imposed by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

The company has not issued any GDRs/ADRs/Warrants & there are no warrants or convertible instruments pending as on 31.03.2010.

**(9) MEANS OF COMMUNICATION:**

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

**(10) GENERAL INFORMATION FOR SHAREHOLDERS :****(i) 26th Annual General Meeting:**

**Date and Time** : Wednesday the 15th September, 2010 - 1.30 PM.

**Venue** : M4ii, A-40, Mahendru Enclave, Main G.T. Karnal Road, Mehfil Complex, Delhi-110 033

**(ii) Financial Calender 2010-11**

**First Quarter Results** : By middle of August, 2010

**Second Quarter Results** : By middle of November, 2010

**Third Quarter Results** : By middle of February, 2011

**Fourth Quarter Results** : By middle of May, 2011

**Annual Results 2010-11** : In the month of July/ August 2011.

**(iii) Date of Book Closure** : Friday the 10th September 2010 to Wednesday the 15th September, 2010 (both days inclusive).

**(iv) Dividend Payment Date** : on or around 14th October, 2010 (Tentative)



## VARDHMAN INDUSTRIES LIMITED

- (v) **Listing** : The company's shares are listed on the Bombay Stock Exchange Ltd. at Mumbai.
- (vi) **Stock Code** : **Stock Exchange** **Code**  
Mumbai 513534

(vii) **Stock Market Data :**

The month wise highest & lowest closing prices vis-a-vis BSE sensex during the financial year 2009-10 are given as follows :

Financial Year 2009-10	Closing Share prices of the Company at BSE		BSE Sensex	
	High(Rs.)	Low(Rs.)	Highest	Lowest
April, 2009	11.30	09.66	11492.10	9546.29
May, 2009	16.60	10.91	14930.54	11621.30
June, 2009	19.10	14.15	15600.30	14016.95
July, 2009	16.78	13.55	15732.81	13219.99
August, 2009	22.75	16.70	16002.46	14684.45
September, 2009	22.90	20.40	17142.52	15356.72
October, 2009	23.00	18.85	17493.17	15805.20
November, 2009	21.00	19.10	17290.48	15330.56
December, 2009	24.30	19.90	17530.94	16577.78
January, 2010	25.40	22.45	17790.33	15982.08
February, 2010	22.35	20.35	16669.25	15651.99
March, 2010	24.35	21.20	17793.01	16438.45

(viii) **Dematerialisation of shares, Registrar & Transfer Agent & Share Transfer system:**

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

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

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

The dematerialised shares are directly transferred to the beneficiaries through the depositories. 2782464 equity shares comprising of 35.24% of the total equity shares of the company are in dematerialised form as on 31.03.2010. Out of a total of 10154 shareholders 3500 shareholders representing 34.47% have got their shares dematerialised as on 31.03.2010.

The process of transfer/transmission/transposition etc. of equity shares in physical form including despatch of the share certificates is completed within a period of 20 days if the documents are in order in all respects.

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

(ix) **Distribution of shareholding as on 31.03.2010:**

Share Holding	Share Holders		Share Holding	
	Number	% to total	Number	% to Total
Up to 500	9616	94.70	1280291	16.22
501 to 1000	278	2.74	236703	3.00
1001 to 2000	113	1.11	176177	2.23
2001 to 3000	34	0.33	88398	1.12
3001 to 4000	24	0.24	86292	1.09
4001 to 5000	19	0.19	89612	1.13
5001 to 10000	28	0.28	199536	2.53
10001 and above	42	0.41	5738191	72.68
<b>Total</b>	<b>10154</b>	<b>100.00</b>	<b>7895200</b>	<b>100.00</b>

(x) **Share Holding Pattern as on 31.03.2010 :**

Category	Number of Shares	% to Total Shares
Promoters	5145000	65.17
Private Corporate Bodies	160737	2.03
Indian Public	2541785	32.20
NRIs	47678	0.60
<b>Total</b>	<b>7895200</b>	<b>100.00</b>



## VARDHMAN INDUSTRIES LIMITED

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

Mas Services Limited T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020  
Phone No. : 011-26387281-83, Fax No. : 011-26387384, E-Mail : mas\_serv@yahoo.com

**(xii) Investors Correspondence:**

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

OR

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

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

- |   |   |
|---|---|
| a) G.T. Road, Village Pawa, Sahnewal,<br>Ludhiana-141 120.<br>Phone No. : 0161-2511412, 2511413     | b) G.T. Road, Village Nandpur, Sahnewal,<br>Ludhiana-141 120.<br>Phone No. : 0161-2844499 |
| c) G.T. Road, Village Bapror,<br>Teh. Rajpura, Distt. Pattiala (Punjab)<br>Phone No. : 01762-265700 |   |

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

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

**DECLARATION :**

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, all Board members and Senior Management Personnel have affirmed compliance with Vardhman Industries Limited's Code of Business Conduct and Ethics for the year ended 31st March, 2010.

**By order of the Board of Directors**

**Place : Ludhiana  
Date : 10.08.2010**

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

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

**AUDITORS' CERTIFICATE**

(on compliance of conditions of Corporate Governance)

To

The members of  
Vardhman Industries Limited

We have examined the compliance of conditions of Corporate Governance by Vardhman Industries Limited for the year ended on 31st March, 2010, as stipulated in clause 49 of the Listing Agreement executed by the said Company with stock exchange.

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

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

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

**For Raj Gupta & Co.  
Chartered Accountants**

**PLACE: LUDHIANA  
DATE : 10.08.2010**

**Sd/-  
(R.K. GUPTA)  
PARTNER  
M. No. 17039  
FRN- 000203N**



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

STATEMENT PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.2010.

**I. CONSERVATION OF ENERGY**

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

**A. POWER & FUEL CONSUMPTION**

	Current Year	Previous Year
<b>a) Electricity</b>		
I) Furnace Division		
Purchased Units	79,68,650	94,55,800
Total Amounts (Rs.)	3,78,14,914	3,94,11,450
Rate/Unit (Rs.)	4.75	4.17
II) G.P./G.C. Division		
Purchased Units	1,34,64,026	1,48,99,786
Total Amounts (Rs.)	6,38,96,421	6,31,31,695
Rate/Unit (Rs.)	4.75	4.24
<b>b) Own Generation</b>		
I) Through Diesel Generator Units		
Unit per litre of diesel oil	-	-
Cost/Unit (Rs.)	-	-
II) Through steam/turbine/Generator Units		
Unit per litre of fuel/ Gas/Oil	-	-
Cost/Unit (Rs.)	-	-
<b>c) Coal (Steam)</b>		
Quantity (Tonnes)	-	-
Total Cost (Rs.)	-	-
Average Rate (Rs.)	-	-
<b>d) Furnace Oil</b>		
Quantity (Ltrs.)	-	-
Total Cost (Rs.)	-	-
Average Rate (Rs.)	-	-
<b>e) Other/Internal Generation</b>		
Quantity	-	-
Total Cost (Rs.)	-	-
Average Rate (Rs.)	-	-

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Products	UNIT	Current Year	Previous Year
a) Steel Ingots			
Electricity (Rs.)	MT	4,966	4,249
Diesel (Rs.)		21	27
b) G.P./G.C Sheets/Coils			
Electricity (Rs.)	MT	740	885
Coal & Fuel	MT		
i. Diesel (Rs.)		27	15
ii. Husk (Rs.)		13	80
iii. Coal (Rs.)		-	1
iv. Gas (Rs.)		1029	1285

**II. TECHNOLOGY ABSORPTION**

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

**III. FOREIGN EXCHANGE EARNING AND OUTGO**

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

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

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

Used (Rs.)	20,64,35,300	4,52,11,846
(CIF Value of Import & Expenditure in foreign currency)		
Earned (Rs.)	51,72,63,989	59,21,00,125
(FOB value of Exports)		

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

**Directors' Responsibility Statement**

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

- i) That in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for the year;
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the directors had prepared the annual accounts on a going concern basis.

By order of the Board of Directors

Sd/-  
(KAPIL KUMAR JAIN)  
Chairman

Sd/-  
(RAHUL JAIN)  
Managing Director

Place : Ludhiana  
Date : 10.08.2010



**AUDITORS' REPORT**

To

**The Members of  
VARDHMAN INDUSTRIES LIMITED,**

1. We have audited the attached Balance Sheet of **VARDHMAN INDUSTRIES LIMITED** as at 31st March, 2010, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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 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, as amended by the Companies (Auditor's Report) (amendment) order 2004, issued by the Central Govt. of India in terms of Section 227 (4A) of the Companies Act, 1956, we give 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 purposes 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 such books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of the written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2010,
  - ii) In the case of Profit & Loss Account, the Profit of the Company 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 RAJ GUPTA & CO.  
CHARTERED ACCOUNTANTS**

**Place : Ludhiana  
Dated : 10.08.2010**

**Sd/-  
(R. K. GUPTA)  
PARTNER  
M. No. 17039  
FRN- 000203N**

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 3 of our report of even date

- i. In respect of its fixed assets :
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has physically verified certain assets during the year in accordance with a programme of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
  - c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposals during the year.
- ii) In respect of its inventories :
  - a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
  - 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 were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.



## VARDHMAN INDUSTRIES LIMITED

- iii) In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956, according to the information and explanations given to us :
- The Company has not granted any loan.
  - Hence, the rate of interest and other terms and conditions of loans given by the company are not prima-facie prejudicial to the interest of the company.
  - Receipt of the interest and principal amount on loan is not applicable.
  - There is no overdue of such loan taken from aforesaid company.
  - The company has not taken any loan.
  - Hence, the rate of interest and other terms and conditions of loans given by the company are not prima-facie prejudicial to the interest of the company.
  - Repayment of the interest & principal amount on loan is not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
- v) In our opinion and according to the information and explanation given to us there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- vi) The company has not accepted any deposits from the public.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii) According to information and explanations given to us, maintenance of cost records is not applicable to the company.
- ix) According to the information and explanations given to us in respect of statutory and other dues :
- The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance Fund, Income-tax, Sales-Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other statutory dues with the appropriate authorities during the year.
  - No disputed amount is pending.
- x) The Company neither have accumulated losses at the end of the financial year, nor incurred cash losses in such financial year and in the immediately preceding financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to a financial institution or banks.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of special statute applicable to chit fund / or a nidhi / mutual benefit fund / society are not applicable to the said company, hence provisions of clause (a), (b), (c) and (d) to point xiii is not applicable.
- xiv) According to the information and explanations given to us by the management, proper records have been maintained of the transactions and contracts in relating to dealing or trading in shares, securities, debentures and other investments.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions, are not prima facie prejudicial to the interest of the Company.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- xvii) According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment (fixed assets, etc.), other than temporary deployment pending application.
- xviii) The Company has not made any preferential allotment of shares during the year to any parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures, hence this provision is not applicable.
- xx) The company has not raised any money by public issue during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For RAJ GUPTA & CO.  
CHARTERED ACCOUNTANTS**

**Place : Ludhiana  
Dated : 10.08.2010**

**Sd/-  
(R. K. GUPTA)  
PARTNER  
M. No. 17039  
FRN- 000203N**



# VARDHMAN INDUSTRIES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	ANNEXURES	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	'A'	<b>7,94,76,000</b>	7,94,76,000
Reserves & Surplus	'B'	<b>48,82,29,592</b>	43,95,00,604
<b>Loan Funds</b>			
Secured Loans	'C'	<b>66,39,18,125</b>	59,51,85,219
Unsecured Loans	'D'	<b>1,95,04,867</b>	1,36,26,809
<b>Deferred Credits</b>		<b>1,26,19,465</b>	1,33,72,379
<b>Deferred Tax</b>		<b>7,74,30,353</b>	6,74,45,250
	<b>TOTAL</b>	<b>1,34,11,78,402</b>	1,20,86,06,261
<b>II. APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	'E'	<b>71,93,60,323</b>	62,68,29,450
Less Depreciation		<b>20,69,24,441</b>	17,37,61,015
<b>Net Block</b>		<b>51,24,35,882</b>	45,30,68,435
Capital work in progress		<b>44,95,136</b>	66,95,756
<b>Investments</b>	'F'	<b>4,63,38,000</b>	4,63,38,000
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	'G'	<b>35,61,35,556</b>	25,81,95,034
Sundry Debtors	'H'	<b>44,93,46,192</b>	39,79,50,776
Cash & Bank Balances	'I'	<b>2,25,53,510</b>	2,27,94,518
Loans & Advances	'J'	<b>18,44,25,297</b>	21,11,73,446
		<b>1,01,24,60,555</b>	89,01,13,774
<b>Less : Current Liabilities &amp; Provisions</b>			
Liabilities	'K'	<b>20,36,44,677</b>	17,89,59,704
Provisions	'L'	<b>3,09,06,494</b>	86,50,000
		<b>23,45,51,171</b>	18,76,09,704
Net Current Assets		<b>77,79,09,384</b>	70,25,04,070
	<b>TOTAL</b>	<b>1,34,11,78,402</b>	1,20,86,06,261
<b>NOTES ON ACCOUNTS</b>			
	'S'		

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

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

Sd/-  
**(R. K. Gupta)**  
Partner  
M.No. 17039  
FRN- 000203N  
Place : Ludhiana  
Dated : 10.08.2010

For and on behalf of the Board

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

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

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





## VARDHMAN INDUSTRIES LIMITED

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	ANNEXURES	FOR THE YEAR ENDED 31.03.2010 Rs.	FOR THE YEAR ENDED 31.03.2009 Rs.
<b>INCOME</b>			
Turnover (Gross)		<b>2,84,42,95,905</b>	2,97,31,74,675
Less : Excise Duty		<b>61,49,894</b>	55,00,385
Turnover (Net)		<b>2,83,81,46,011</b>	2,96,76,74,290
<b>EXPENDITURE</b>			
Cost of Material	'M'	<b>2,34,62,84,378</b>	2,54,45,13,015
Manufacturing Expenses	'N'	<b>15,51,25,295</b>	15,92,35,678
Personnel Expenses	'O'	<b>4,05,39,304</b>	3,60,58,034
Admn. & Other Expenses	'P'	<b>2,17,82,714</b>	1,65,03,675
Financial Expenses	'Q'	<b>6,33,36,319</b>	5,15,28,678
Selling & Distribution Expenses	'R'	<b>8,75,44,373</b>	9,49,51,554
Depreciation		<b>3,39,13,043</b>	3,25,23,177
	<b>TOTAL</b>	<b>2,74,85,25,426</b>	2,93,53,13,811
<b>PROFIT BEFORE TAXATION</b>		<b>8,96,20,585</b>	3,23,60,479
<b>Less : Provision of Taxation</b>			
- Current Tax		<b>2,17,00,000</b>	80,00,000
- Fringe Benefit Tax		-	6,50,000
- Deferred Tax		<b>99,85,103</b>	29,35,000
<b>PROFIT AFTER TAX</b>		<b>5,79,35,482</b>	2,07,75,479
Balance B/F from previous year		<b>37,57,78,897</b>	35,88,44,089
Profit available for appropriations		<b>43,37,14,379</b>	37,96,19,568
<b>APPROPRIATIONS</b>			
Provision for Proposed Dividend		<b>78,95,200</b>	-
Tax on Proposed Dividend		<b>13,11,294</b>	-
Provision for Gratuity		-	13,40,671
Transferred to General Reserve		<b>25,00,000</b>	25,00,000
Balance Carried to Balance Sheet		<b>42,20,07,885</b>	37,57,78,897
	<b>TOTAL</b>	<b>43,37,14,379</b>	37,96,19,568
Basic & diluted Earning per Share (Refer to note no. 17 to Note on Accounts)		<b>7.34</b>	2.63

#### NOTES ON ACCOUNTS

'S'

The Annexures referred to above form an integral part of the Profit & Loss Account

As per our separate report of even date

For and on behalf of the Board

**FOR RAJ GUPTA & CO.**

Chartered Accountants

Sd/-

**(R. K. Gupta)**

Partner

M.No. 17039

FRN- 000203N

Place : Ludhiana

Dated : 10.08.2010

Sd/-

**(Kapil Kumar Jain)**

Chairman

Sd/-

**(Rahul Jain)**

Managing Director

Sd/-

**(Vikram Jain)**

Whole Time Director

**VARDHMAN INDUSTRIES LIMITED**

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>ANNEXURE - 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
80,00,000 Equity Shares of Rs. 10/- each	<b>8,00,00,000</b>	8,00,00,000
<b>Issued and Subscribed</b>		
80,00,000 Equity Shares of Rs. 10/- each	<b>8,00,00,000</b>	8,00,00,000
<b>Paid up</b>		
78,95,200 Equity Shares of Rs. 10/- each	<b>7,89,52,000</b>	7,89,52,000
Add: Shares Forfeited	<b>5,24,000</b>	5,24,000
<b>TOTAL</b>	<b>7,94,76,000</b>	7,94,76,000
<b>Note:</b> Out of above 5,00,000 Equity Shares of Rs. 10/- each allotted as fully paid up by way of Bonus Shares by capitalisation of General Reserve.		
<b>ANNEXURE - 'B'</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Share Premium</b>		
	<b>1,97,38,000</b>	1,97,38,000
<b>General Reserve</b>		
As per last Balance Sheet	<b>4,39,83,707</b>	4,14,83,707
Addition during the year	<b>25,00,000</b>	25,00,000
<b>Sub Total</b>	<b>4,64,83,707</b>	4,39,83,707
Surplus in P & L A/c	<b>42,20,07,885</b>	37,57,78,897
<b>TOTAL</b>	<b>48,82,29,592</b>	43,95,00,604
<b>ANNEXURE - 'C'</b>		
<b>SECURED LOANS</b>		
<b>Working Capital Borrowings</b>		
- From Banks	<b>47,63,46,537</b>	40,85,34,364
<b>Term Loans</b>		
- Industrial Development Bank of India	<b>1,25,00,000</b>	3,25,00,000
- State Bank of India	<b>17,50,71,588</b>	15,41,50,855
<b>TOTAL</b>	<b>66,39,18,125</b>	59,51,85,219



## VARDHMAN INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
-------------	-------------------------	-------------------------

### NOTES :

- Working Capital borrowings are secured by hypothecation of entire present and future tangible current assets of the Company and personally guaranteed by three of the directors.
- Term Loans from IDBI and SBI are secured on pari passu basis by way of equitable mortgage created by deposit of title deeds in respect of immovable properties of GP/GC Sheet Unit and by way of hypothecation of all movable properties of the said unit (save & except book debts) including movable machinery, machinery spares, tools and accessories, present and future, subject to the prior charge(s) created and/or to be created by the Company in favour of SBI on Stock of Raw Material, Semi Finished and Finished Goods, Consumable Stores and such other material in the ordinary course of business.

### ANNEXURE - 'D'

#### UNSECURED LOANS

From Shareholders, Directors and their relatives	<b>1,95,04,867</b>	1,36,26,809
<b>TOTAL</b>	<b>1,95,04,867</b>	<b>1,36,26,809</b>

### ANNEXURE - 'E'

#### FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 1.4.2009	Additions	Sales/ Adjust- ments	As At 31.3.2010	As At 01.04.2009	For the Year	Adjust- ment/ Written Back	As At 31.3.2010	As At 31.3.2010	As At 31.3.2009
Land	8284282	-	-	<b>8284282</b>	-	-	-	<b>8284282</b>	<b>8284282</b>	8284282
Building	83067980	11378259	-	<b>94446239</b>	15295514	<b>2748686</b>	-	<b>18044200</b>	<b>76402039</b>	67772466
Furniture & Fixture	2883211	62456	-	<b>2945667</b>	959319	<b>160850</b>	-	<b>1120169</b>	<b>1825498</b>	1923892
Plant and Machinery	500056658	81344291	-	<b>581400949</b>	151145832	<b>28052411</b>	-	<b>179198243</b>	<b>402202706</b>	348910826
Vehicles	32537319	1131080	1385213	<b>32283186</b>	6360350	<b>2951096</b>	749617	<b>8561829</b>	<b>23721357</b>	26176969
Total	626829450	93916086	1385213	<b>719360323</b>	173761015	<b>33913043</b>	749617	<b>206924441</b>	<b>512435882</b>	453068435
Previous Year	580216521	51863456	5250527	626829450	143004268	32523177	1766430	453068435	437212253	



## VARDHMAN INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>ANNEXURE - 'F'</b>		
<b>INVESTMENTS</b>		
<b>QUOTED</b>		
2,95,000 Equity Shares of Rs. 10/- each fully paid up of Vallabh Steels Ltd.	<b>29,50,000</b>	29,50,000
20,000 Equity Shares of Rs. 10/- each fully paid up of Associated Leasing Ltd.	<b>2,00,000</b>	2,00,000
40,000 units of Rs. 10/- each of SBI Infrastructure Fund	<b>4,00,000</b>	4,00,000
72,000 Equity Shares of Rs. 5/- each fully paid up of DMC International Ltd. (Previous Year unquoted 96,000 Equity Shares of Rs. 5/- each fully paid up of Swen Realty and Media Ltd.)	<b>2,88,000</b>	-
<b>UNQUOTED</b>		
Nil (Previous Year 96,000 Equity Share of Rs.5/- each fully paid up of Swen Realty and Media Ltd.)	-	2,88,000
42,50,000 Equity Shares (Previous Year 23,00,000) of Rs. 10/- each fully paid up of Vallabh Textiles Co. Ltd.	<b>4,25,00,000</b>	2,30,00,000
Share Application Money (Vallabh Textiles Co. Ltd)	-	1,95,00,000
<b>TOTAL</b>	<b>4,63,38,000</b>	<b>4,63,38,000</b>
<b>Note :</b>		
Market Value of Quoted Investments	<b>90,30,950</b>	31,72,750
Aggregate Value of Unquoted Investments	<b>4,25,00,000</b>	4,27,88,000
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>ANNEXURE - 'G'</b>		
<b>INVENTORIES</b>		
<b>(As taken, valued and certified by the Management)</b>		
Stores & Spares	<b>60,82,945</b>	84,52,447
Raw Materials	<b>13,28,64,938</b>	11,17,87,078
Material in Transit	<b>2,91,25,183</b>	1,13,61,594
Material in Process	<b>2,68,36,992</b>	1,08,74,310
Finished Goods	<b>16,12,25,498</b>	11,57,19,605
<b>TOTAL</b>	<b>35,61,35,556</b>	<b>25,81,95,034</b>

- NOTES :**
- Inventories as taken, valued and certified by the management.
  - Stores and Spares, Raw Material & Material in transit are valued at cost.
  - Material in process and finished goods are valued at cost or market value whichever is lower.



## VARDHMAN INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>ANNEXURE - 'H'</b>		
<b>SUNDRY DEBTORS (Unsecured considered good)</b>		
More than six months old	<b>45,05,618</b>	47,71,772
Others	<b>44,48,40,574</b>	39,31,79,004
<b>TOTAL</b>	<b>44,93,46,192</b>	39,79,50,776
<b>ANNEXURE - 'I'</b>		
<b>CASH &amp; BANK BALANCES</b>		
a) Cash in hand	<b>5,82,252</b>	9,03,218
b) With Scheduled Banks in		
- Current Accounts	<b>6,62,061</b>	7,34,442
- Fixed Deposit Accounts	<b>2,13,09,197</b>	2,11,56,858
<b>TOTAL</b>	<b>2,25,53,510</b>	2,27,94,518
<b>ANNEXURE - 'J'</b>		
<b>LOANS &amp; ADVANCES (Unsecured considered good)</b>		
Advances recoverable in cash or in kind or for value to be received	<b>4,15,16,018</b>	4,01,95,851
Prepaid Expenses	<b>1,16,10,708</b>	42,59,098
Securities Deposits	<b>68,73,114</b>	68,80,238
Balance with Central Excise Department	<b>35,072</b>	35,072
Income Tax and Fringe Benefits Tax	<b>4,12,87,498</b>	2,86,19,687
Loans	<b>3,53,08,178</b>	3,19,49,638
Amount Receivable	<b>4,77,94,709</b>	9,92,33,862
<b>TOTAL</b>	<b>18,44,25,297</b>	21,11,73,446
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>ANNEXURE - 'K'</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	<b>15,13,94,291</b>	12,45,08,198
Other Liabilities	<b>2,75,74,682</b>	1,81,56,675
Advances from Customers	<b>2,46,75,704</b>	3,62,94,831
<b>TOTAL</b>	<b>20,36,44,677</b>	17,89,59,704
<b>ANNEXURE - 'L'</b>		
<b>PROVISIONS</b>		
Taxation	<b>2,17,00,000</b>	86,50,000
Proposed Dividend	<b>78,95,200</b>	-
Tax on Proposed Dividend	<b>13,11,294</b>	-
<b>TOTAL</b>	<b>3,09,06,494</b>	86,50,000



## VARDHMAN INDUSTRIES LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.03.2010 Rs.	FOR THE YEAR ENDED 31.03.2009 Rs.
<b>ANNEXURE - 'M'</b>		
<b>COST OF MATERIAL CONSUMED</b>		
<b>Opening Stock</b>		
Raw Material	<b>11,17,87,078</b>	6,68,05,554
Work in Process	<b>1,08,74,310</b>	1,71,69,288
Finished Goods	<b>11,57,19,605</b>	19,77,89,681
	<b>23,83,80,993</b>	28,17,64,523
<b>Add : Purchases</b>	<b>2,42,88,30,813</b>	2,50,11,29,485
	<b>2,66,72,11,806</b>	2,78,28,94,008
<b>Less : Closing Stock</b>		
Raw Material	<b>13,28,64,938</b>	11,17,87,078
Work in Process	<b>2,68,36,992</b>	1,08,74,310
Finished Goods	<b>16,12,25,498</b>	11,57,19,605
	<b>32,09,27,428</b>	23,83,80,993
Net Consumption	<b>2,34,62,84,378</b>	2,54,45,13,015
<b>ANNEXURE - 'N'</b>		
<b>MANUFACTURING EXPENSES</b>		
Stores & Spares consumed	<b>2,19,97,455</b>	1,89,08,943
Power & Fuel	<b>10,53,90,002</b>	10,94,46,865
Repair & Maintenance	<b>80,81,882</b>	62,14,728
Other Manufacturing Expenses	<b>1,96,55,956</b>	2,46,65,142
<b>TOTAL</b>	<b>15,51,25,295</b>	15,92,35,678
<b>ANNEXURE - 'O'</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, Wages, Bonus and Other Benefits	<b>3,62,42,052</b>	3,28,38,819
Contribution towards Provident & Other Funds	<b>16,64,563</b>	16,32,256
Welfare Expenses	<b>17,69,221</b>	11,68,502
Gratuity	<b>8,63,468</b>	4,18,457
<b>TOTAL</b>	<b>4,05,39,304</b>	3,60,58,034



## VARDHMAN INDUSTRIES LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.03.2010 Rs.	FOR THE YEAR ENDED 31.03.2009 Rs.
<b>ANNEXURE - 'P'</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent, Rates and Taxes	<b>24,44,793</b>	24,20,153
Insurance	<b>1,41,636</b>	4,46,439
Legal & Professional Charges	<b>15,41,881</b>	11,90,701
Directors' Remuneration	<b>36,00,000</b>	15,00,000
Vehicles Running & Maintenance	<b>36,40,659</b>	13,43,726
Travelling and Conveyance *	<b>56,02,743</b>	26,81,694
<b>Payments to Auditors</b>		
- Audit Fee	<b>60,665</b>	55,150
- Reimbursement of Expenses	<b>22,998</b>	17,487
Postage, Telegram and Telephone	<b>13,35,217</b>	12,08,054
Printing & Stationery	<b>7,78,209</b>	6,56,182
<b>Repairs &amp; Maintenance</b>		
- Building	<b>5,15,847</b>	3,85,653
- General	<b>2,42,258</b>	2,89,524
Charity & Donation	<b>53,450</b>	12,900
Loss on sale of fixed Assets	<b>2,12,905</b>	11,04,097
Other Miscellaneous Expenses	<b>15,89,453</b>	31,91,915
<b>TOTAL</b>	<b><u>2,17,82,714</u></b>	<u>1,65,03,675</u>

(\* ) Including Directors' Travelling Rs.16,18,915/- (Previous year Rs. 3,92,703/-)

### ANNEXURE - 'Q'

#### FINANCIAL EXPENSES

##### Interest

- On Term Loan	<b>2,08,08,621</b>	2,44,39,775
- On Working Capital	<b>3,70,20,358</b>	2,63,60,710
- To Others	<b>10,968</b>	598
Bank Charges & Commission	<b>54,96,372</b>	7,27,595
<b>TOTAL</b>	<b><u>6,33,36,319</u></b>	<u>5,15,28,678</u>

### ANNEXURE - 'R'

#### SELLING AND DISTRIBUTION EXPENSES

Packing and Forwarding Charges	<b>1,53,95,092</b>	98,54,393
Rebate and Discount	<b>78,72,313</b>	98,30,296
Advertisement	<b>2,11,747</b>	11,56,472
Brokerage & Commission	<b>14,94,097</b>	11,10,099
Other selling expenses	<b>15,96,166</b>	36,82,138
Export Expenses	<b>6,09,74,958</b>	6,93,18,156
<b>TOTAL</b>	<b><u>8,75,44,373</u></b>	<u>9,49,51,554</u>



**ANNEXURE - 'S'**

**NOTES ON ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES :**

**i. Basis of Preparation of Financial Statements:**

The financial statements are prepared under the historical cost convention which are in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956.

**ii. Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on 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 are known/materialised

**iii. Revenue Recognition:**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Turnover includes sales of raw material, by-products and wastes. Sales is inclusive of Excise Duty but excludes Value Added Tax and Central Sales Tax and it is adjusted for discounts, if any.

**iv. Fixed Assets:**

Fixed assets are stated at cost net of value added tax less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, construction cost, including non refundable taxes or levies and any directly attributed cost of bringing the assets to its working condition for its intended use. The financing costs till commencement of commercial production and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

**v. Depreciation:**

Depreciation on fixed assets of the company is provided to the extent of depreciable amount on Written Down Value method over their useful life at rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except, on fixed assets pertaining to GP/GC unit, in which depreciation is provided under Straight Line Method over their useful life at rates and in manner prescribed in schedule XIV to the companies Act, 1956.

**vi. Inventories:**

Inventories are valued at cost except material in process and finished goods which are valued at cost or realisable value whichever is lower.

**vii. Foreign Exchange Transactions:**

Transactions in foreign currency are recorded at the exchange rate prevalent on the date of the transaction or that approximates the actual rate at the date of the transaction. Foreign currency assets and liabilities are reinstated at the exchange rates prevailing at the date of Balance sheet and at forward contract rates wherever so covered. Realised gains or losses on foreign exchange transactions, other than those relating to fixed assets are recognized in the profit and loss account. The difference in foreign exchange in the case of fixed assets is adjusted to the cost of fixed assets.

**viii. Provision For Current Tax and Deferred Tax:**

Provision for tax for Current Year has been made on the basis of estimated taxable income computed in accordance with Provisions as per Income Tax Act, 1961.

In accordance with the Accounting Standard - 22 Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the deferred Tax resulting from all timing differences between taxable and accounting income is accounted for, at the enacted rate of tax, to the extent that the timing differences are expected to crystallise.

**ix. Impairment of Assets :**

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**x. Borrowing Costs:**

Borrowing costs directly attributable to the acquisition or construction of qualifying fixed assets are capitalized as part of the cost of the assets, upto the date the asset is put to use. Other borrowing costs are charged to the Profit & Loss Account in the year in which they are incurred.

**xi. Employees Benefits :**

**a) Short Term Employee Benefits**

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

**b) Post Employment Benefits (defined benefit plans)**

The employees gratuity scheme is defined benefit plans. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation. Actuarial gains and losses are recognised immediately in the Profit & Loss Account.





## VARDHMAN INDUSTRIES LIMITED

- c) Post Employment Benefits (defined contribution plans)  
Contributions to the Employees Provident Fund, Labour Welfare Fund and Employee State Insurance Fund, which are defined contribution schemes, are recognised as an expense in the Profit and Loss Account in the period in which the contribution is due.
- d) Long Term Employment Benefits  
Long term employee benefits comprise of compensated absences (i.e. Leave with wages) and other employee incentives. These are measured on yealy basis for actual leave with wages payable at each Balance Sheet date unless they are insignificant.

### xii. Investments:

Current Investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

### xiii. 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 outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all dilutive potential equity shares into equity shares.

### xiv. Provisions, Contingent Liabilities And Contingent Assets:

Provisions are recognized in terms of Accounting Standard-29 'Provisions, Contingent Liabilities and Contingent Assets' issued by the Institute of Chartered Accountants of India.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of economic benefits will be required to settle the obligations.

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation can not be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are neither recognized nor disclosed in the financial statements.

### xv. Leased Assets:

Operating Leases: Rentals are expenses with reference to lease terms and other considerations.

## 2. CONTINGENT LIABILITIES NOT PROVIDED FOR :

	(Rs. in Lacs)	
	As at 31.03.2010	As at 31.03.2009
Capital Contracts	1075.12	-
Foreign Exchange Transactions	400.00	400.00
Bank Guarantee	1.90	8.40
Letter of Credit	897.25	79.74

## 3. MANAGING/WHOLE TIME DIRECTORS' REMUNERATION :

	FOR THE YEAR ENDED 31.03.2010 (Rs.)	FOR THE YEAR ENDED 31.03.2009 (Rs.)
	a) Salaries	36,00,000
b) Other Benefits (Rs.)	3,36,010	3,41,250
<b>TOTAL</b>	<b>39,36,010</b>	<b>18,41,250</b>

4. In the opinion of Board of Directors and to the best of their knowledge and belief, the value on realisation of loans, advances and current assets in the ordinary course of business will not be less than the amount at which these are stated in Balance Sheet.
5. Parties balances under Debtors, Creditors and Advances are subject to confirmation, reconciliation and adjustments, if any.
6. The Income Tax and Sales Tax assessment of the company has been completed till accounting year 2004-2005 & 2002-2003 respectively.
7. The Company has given guarantee to State Bank of India for term loan and working capital facilities of Rs.3.50 Crore given to another group company Vallabh Steels Limited.
8. Interest on working capital is net of interest received.
9. The company has entered into foreign exchange transactions through banks which are now in legal dispute. The said transactions are negative by Rs. 4.00 crore approximately and has been shown as contingent liability.



## VARDHMAN INDUSTRIES LIMITED

10. The Hon'ble Delhi High Court at New Delhi has approved the Scheme of Arrangement for hiving off the Power and SMS unit of the company and the effective date for the same is 01.03.2006. All the legal and procedural formalities related there to have been complied with.

**11. Additional Information pursuant to Para 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 :**

a) As per Government of India's notification No. SO 477 (E) dated 25th July, 1991, licences are not required.

**b) Particulars of Installed Capacity and Actual Production**

Class of Goods	Unit	Installed Capacity		Actual Production	
		2009-2010	2008-2009	2009-2010	2008-2009
Steel Ingots	MT	16,500	16,500	7,615	9,275
GP Coils	MT	45,000	45,000	43,449	34,651
CR Coils*	MT	36,000	36,000	26,844	23,312
Colour Coated Coil/Sheet**	MT	41,250	41,250	16,003	13,373

(\*) CR Unit of Vallabh Steels Limited at Rajpura taken on lease.

(\*\*) Production has been generated out of raw material partly transferred from production of GP Coils.

**c) Particulars of Opening-Closing Stock and Sales**

Particulars	Unit	Opening Stock		Closing Stock		Sales	
		2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Steel Ingots	MT	130	100	532	130	7213	9245
	Rs.	3506863	3590441	15287876	3506863	191675718	299922581
GP/GC Sheets/MT		1928	2543	1325	1928	34401	28023
Coils	Rs.	80342075	119180558	63036831	80342075	1546101639	1442333733
Colour Coated/ MT		549	898	980	549	15299	13614
Sheets/Coil	Rs.	27550143	51413981	55937659	27550143	876155450	862553159
By Products & Other	Rs.	4320524	23604701	26963132	4320524	230363098	368365202
<b>Total (Rs.)</b>		<b>115719605</b>	<b>197789681</b>	<b>161225498</b>	<b>115719605</b>	<b>2844295905</b>	<b>2973174675</b>

**d) Raw Material Consumed**

Class of Goods	2009-2010		2008-2009	
	Qty (MT)	Value (Rs.)	Qty (MT)	Value (Rs.)
Steel Scrap *	8,299	13,00,14,364	10,118	22,48,33,830
C. R. Coil**	42,330	1,49,39,03,467	33,990	1,47,88,67,933
Zinc	1,841	20,00,65,711	1,432	12,71,85,355
GP Coil	6,736	26,48,19,876	6,228	32,07,05,786
Paint/Thinner/Primer(KL)	299	6,40,79,925	234	5,08,77,510
Guard Film	164	2,59,39,640	108	1,55,90,041
Packing Material		1,36,13,637		1,06,40,386
Others		21,53,16,333		22,74,47,120
<b>Total (Rs.)</b>		<b>2,40,77,52,953</b>		<b>2,45,61,47,961</b>

\* Quantity includes 1030 MT transferred from G.P./G.C. Division (Previous Year 959 MT) For which value not considered.

\*\* Includes material consumed from 4407 MT (Previous Year 2993) of job work production and 26845 MT (Previous Year 23312) of self manufacturing.



## VARDHMAN INDUSTRIES LIMITED

	Current Year Value (Rs.)	Previous Year Value (Rs.)
<b>e) C.I.F. Value of Import</b>		
Raw Material	20,13,78,215	3,75,11,085
Capital Goods	26,05,135	3,72,300
<b>f) Expenditure in Foreign Currency</b>		
Revenue Expenses	6,88,479	66,55,741
Capital Expenses	17,63,471	6,72,720
<b>g) Earning in Foreign Exchange</b>	51,72,63,989	59,21,00,125
<b>h) Details regarding Imported &amp; Indigenous material consumed &amp; Percentage thereof</b>		

Description	Current Year		Previous Year	
	Value (Rs.)	%age	Value (Rs.)	%age
<b>Raw Material</b>				
Indigenous	2,15,18,64,476	89.37	2,41,08,56,125	98.16
Imported	25,58,88,477	10.63	4,52,91,836	1.84
	<u>2,40,77,52,953</u>	<u>100.00</u>	<u>2,45,61,47,961</u>	<u>100.00</u>
<b>Stores &amp; Spares</b>				
Indigenous	2,19,97,455	100.00	1,89,08,943	100.00
Imported	-	-	-	-
	<u>2,19,97,455</u>	<u>100.00</u>	<u>1,89,08,943</u>	<u>100.00</u>

12. Figures have been rounded off to the nearest Rupee and Metric Ton in case of amount and quantity respectively.

13. Previous Year figures have been regrouped/rearranged to make them comparable with those of the Current Year.

14. In response to letters from existing suppliers with whom company deals regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has received replies from some of the suppliers. Based on these replies, there is no information that has to be disclosed under the provisions of the above referred Act.

15. The Company operates in one Segment i.e. Iron & Steel.

#### 16. Deferred Tax Liability :

As per Accounting Standard (AS-22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India (ICAI), the Deferred Tax Liability as at 31st March, 2010 comprises of the following:

	Current Year (Rs.)	Previous Year (Rs.)
a) Deferred Tax Liability		
Arising on Accounting of Timing Difference of Depreciation	7,80,49,664	6,78,83,527
Less : Balance in Deferred Tax Liability Fund	6,74,45,250	6,45,10,250
	<u>1,06,04,414</u>	<u>33,73,277</u>
b) Deferred Tax Assets		
Arising on A/c of timing difference of Disallowance U/S 43-B	6,19,311	4,38,003
Net Deferred Tax Liability For the Year (a-b)	<u>99,85,103</u>	<u>29,35,274</u>

#### 17. Earning per Share :

Net Profit after tax (Rs.)	5,79,35,482	2,07,75,479
Nos. of Equity Shares (Face Value of Rs. 10/- each)	78,95,200	78,95,200
Basic and Diluted EPS (Rs.)	7.34	2.63



## VARDHMAN INDUSTRIES LIMITED

### 18. Leases :

The Company has taken plant and machinery on operating lease and lease rent amounting to Rs.1,20,00,000/- (Previous Year Rs.1,65,00,000/-) has been debited to Profit and Loss Account. The future minimum lease payments is as under :

	<b>Current Year</b> <b>(Rs.)</b>	Previous Year (Rs.)
Not Later than one year	<b>1,20,00,000</b>	1,20,00,000
Later than one year and not later than five years	<b>30,00,000</b>	1,50,00,000
Later than five years	-	-

### 19. Employee Benefits :

The Disclosures in accordance with requirements of accounting standard 15 (Revised 2005) issued by the Institute of Chartered Accountants of India, employees benefits are provided below :

#### a) Defined Contribution Plans

The Company has recognised Rs.16,58,662/- (Previous Year Rs. 16,32,256/-) towards post employment defined contribution plans comprising of provident fund employee state insurance funds in the profit and loss account.

#### b) Defined Benefit Plan

In accordance with the payment of Gratuity Act, 1972, the Company is required to provide post employment benefit to its employees in form of gratuity. The Company has made a provision in the Financial Statement on the basis of actuarial valuation in accordance with the standard. The disclosure relating to the Company's gratuity plan which is certified by the actuary and relied upon by the Auditors are provided below :

#### **Reconciliation of opening and closing balance of provision of gratuity :**

<b>Particulars</b>	<b>Current Year</b> <b>(Rs.)</b>	Previous Year (Rs.)
Liability at the beginning of the year	<b>14,84,446</b>	13,40,671
Liability provided for the year	<b>5,45,834</b>	1,43,775
Liability at the end of the year	<b>20,30,280</b>	14,84,446

#### **Expenses recognised in Profit and Loss Account :**

<b>Particulars</b>	<b>Current Year</b> <b>(Rs.)</b>	Previous Year (Rs.)
Amount paid/provided during the year and included in Profit and Loss Account	<b>8,63,468</b>	4,18,457

20. On the basis of information available with the Company and relied upon by the Auditors, no party falls under the definition of related party as defined in AS- 18 on “- Related Party Disclosures” issued by ICAI.

21. Annexures 'A' to 'S' form an integral part of the Balance Sheet and Profit & Loss Account.





# VARDHMAN INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	FOR THE YEAR ENDED 31.3.2010 (Rs. in Lacs)		FOR THE YEAR ENDED 31.3.2009 (Rs. in Lacs)	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
<b>Net Profit before tax and extraordinary items</b>		<b>896.21</b>		323.60
<b>Adjustment for</b>				
Depreciation		339.13		325.23
Loss on Sale of Fixed Assets		2.13		11.04
Provision for Gratuity		-	(-)	13.41
Interest Paid		633.36		515.29
<b>Operating Profit before working capital changes</b>		<b>1870.83</b>		1161.75
<b>Adjustment for</b>				
Trade and other receivable	(-)	246.47		515.32
Inventories	(-)	979.41		752.73
Trade Payables & Other Liabilities		461.89	(-)	1177.45
<b>Cash Generated from operations</b>		<b>1106.84</b>		90.60
Interest Paid	(-)	633.36	(-)	515.29
Direct Tax Paid	(-)	217.00	(-)	86.50
<b>Net cash from operating activities</b>		<b>256.48</b>		601.79
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(-)	939.16	(-)	518.63
Sale of Fixed Assets		4.22		23.80
Capital work in progress		22.01	(-)	2.72
Purchase of investments		-	(-)	300.00
<b>Net cash used in investing activities</b>		<b>(- 656.45)</b>		(- 797.55)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from issue of Share Capital		-		0.33
Proceeds from share premium account		-		0.16
Proceeds from long term borrowing (net)		9.20		134.82
Proceeds from Working Capital Borrowings		678.12		79.89
Proceeds from Unsecured Loans		58.78	(-)	153.99
Dividend paid	(-)	78.95		-
Tax on Dividend	(-)	13.11		-
<b>Net cash used in financing activities</b>		<b>654.04</b>		61.21
<b>NET INCREASE IN CASH OR CASH EQUIVALENTS (A+B+C)</b>		<b>(- 2.41)</b>		(- 85.78)
<b>Cash and Cash equivalents at the beginning of the year</b>		<b>227.95</b>		313.73
<b>Cash and Cash equivalents at the end of the year</b>		<b>225.54</b>		227.95

As per our separate report of even date

**FOR RAJ GUPTA & CO.**

Chartered Accountants

Sd/-  
**(R. K. Gupta)**  
Partner  
M.No. 17039  
FRN- 000203N

Place : Ludhiana  
Dated : 10.08.2010

For and on behalf of the Board

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

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

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



# VARDHMAN INDUSTRIES LIMITED

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

## ATTENDANCE SLIP

I/We hereby record my/our presence at the 26th Annual General Meeting held on Wednesday the 15th September, 2010 at 1.30 P. M. at M4ii, A-40, Mahendru Enclave, Main G. T. Karnal Road, Mehfil Complex, Delhi - 110 033.

DP. ID*	
---------	--

Master Folio No.	
------------------	--

Client ID*	
------------	--

No. of Share(s) held	
----------------------	--

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

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

\*Applicable for investors holding shares in electronic form.

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

**IT MAY KINDLY BE NOTED THAT NO GIFTS WILL BE DISTRIBUTED AT THE MEETING.**

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

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

DP. ID*	
---------	--

## PROXY FORM

Master Folio No.	
------------------	--

Client ID*	
------------	--

No. of Share(s) held	
----------------------	--

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

as my/our proxy to attend and vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held on Wednesday, the 15th September, 2010 at 1.30 P.M. and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signature \_\_\_\_\_

Address \_\_\_\_\_

Affix a  
Rs. 1/-  
Revenue  
Stamp

\*Applicable for investors holding shares in electronic form.

Notes :

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

**BOOK POST**  
(PRINTED MATTER)

If undelivered please return to :

**VARDHMAN INDUSTRIES LIMITED**  
G.T. Road, Pawa, Sahnewal,  
Ludhiana - 141 120.

**MACRO**  
TEL.: 98150-00749