



27th Annual Report
2010-2011

VARDHMAN INDUSTRIES LIMITED



VARDHMAN INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. Kapil Kumar Jain	Chairman
Mr. Rahul Jain	Managing Director
Mr. Vikram Jain	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
549/10, Sutlej Tower, Opp. Petrol Pump,
Near Fountain Chowk, Ludhiana -141 001

BANKERS

State Bank of India
Punjab National Bank
IDBI Bank Limited
Allahabad Bank

REGISTERED OFFICE

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

ADMINISTRATIVE 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)

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VARDHMAN INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 27th Annual General Meeting of the members of Vardhman Industries Limited will be held on Friday, the 30th September, 2011 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, 2011, 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. Vikram Jain, who retires by rotation and being eligible offers himself for reappointment.
b) To appoint a Director in place of Mr. Ashwani Kumar, 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(s) 198, 269,309, 314 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and rules framed there under, including any statutory modification or re-enactment thereof and subject to such approvals as may be deemed necessary, including the approval of the Central Government, consent of the Company be and is hereby accorded for the reappointment of Mr. Rahul Jain as Managing Director for a further period of five years w.e.f. 28.08.2011 and for payment of remuneration to Mr. Rahul Jain, Managing Director of the Company by way of a consolidated salary upto Rs.3,00,000/- (Rs. Three Lac Only) plus other perks not exceeding Rs.50,000/- (Rs. Fifty Thousand Only) per month as per details given in the enclosed explanatory statement."

"RESOLVED FURTHER THAT Board of Directors/Remuneration Committee be and is hereby authorised to alter or increase or vary the terms and conditions of the said remuneration and/or agreement in such form and manner or with such modifications as the board may deem fit or as may be prescribed by the Central Government while granting necessary approvals, if any, in this regard and as may be acceptable to Mr. Rahul Jain, without again referring the same to the General Meeting."

"RESOLVED FURTHER THAT where in any financial year, the company has no profits or its profits are inadequate during the tenure of remuneration as proposed of Mr. Rahul Jain, the remuneration aforesaid shall be the minimum remuneration provided that it does not exceed the limits as prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to execute all such documents, instruments and writings as any be required to give effect to the aforesaid resolutions."

6. **TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION :**

"RESOLVED THAT the consent of the company be and is hereby accorded under the provisions of Section 293 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, to create such mortgage and/or charge on First Pari Passu basis in favour of IDBI Bank Ltd. (IDBI) and State Bank of India (SBI) on all or any movable and immovable properties of the Company at its GP/GC Unit situated at G.T.Road, Village Bapror, Tehsil Rajpura, District Patiala, both present and future and the whole or any part of the undertaking(s) of the Company together with the power to takeover the management of the business and concern of the company in certain events of default for Term Loan of Rs.7.00 crore (Rs. Seven crore only) sanctioned by IDBI and Term Loans of Rs 26.61 crore (Rs. Twenty six crore and sixty one lacs only) sanctioned by SBI and to create second charge on the said properties in favour of SBI for sanction of working capital facilities together with interest, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other moneys payable under their respective Loans Agreements/Letters of Sanction/ Memorandum of Terms and Conditions."

"RESOLVED FURTHER that the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done/to be done in this regard by the Board of Directors be and are hereby approved, confirmed and ratified."

"RESOLVED FURTHER that the Board of Directors of the company be and is hereby authorised to finalise the documents and such other agreements and to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to the above resolution."



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"RESOLVED FURTHER that the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done/to be done in this regard by the Board of Directors be and are hereby approved, confirmed and ratified."

By order of the Board of Directors

Sd/-

(RAHUL JAIN)

MANAGING DIRECTOR

PLACE : LUDHIANA

DATED : 03.09.2011

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 nos. 5 and 6 of Special Business are annexed hereto and forms part of this Notice.
3. The Register of Members and Share Transfer Books of the company will remain closed from Wednesday, the 28th day of September, 2011 to Friday, the 30th day of September, 2011 (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 before 29th October, 2011 to those members who hold shares in physical form and whose names appear on the Company's Register of Members on Friday, 30th September, 2011. 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 Tuesday, 27th September, 2011 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).
9. The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 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.

We strongly urge you to support your Company's concern for this 'Green Initiative' by opting for electronic mode of communication. You are requested to please register your e-mail ID with your Depository Participant (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:

Mas Services Limited

T-34, 2nd Floor, Okhla Industrial Area, Phase- II,

New Delhi- 110020

Phone: 011-26387281-83, Fax : 011- 26387384

E-mail: mas_serv@yahoo.com

By order of the Board of Directors

Sd/-

(RAHUL JAIN)

MANAGING DIRECTOR

PLACE : LUDHIANA

DATED : 03.09.2011



VARDHMAN INDUSTRIES LIMITED

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. Rahul Jain has been appointed as Managing Director of the company by the Board in its meeting held on 27th August, 2011 for a further period of five years with effect from 28.08.2011. As per the amendments in Schedule XIII (Part-II)(Section II) of the Companies Act, 1956 consent of the members of the Company by way of passing a Special Resolution is required for payment of remuneration to a Managerial person for a period not exceeding five years.

The principal terms of remuneration of Mr. Rahul Jain as approved by the Remuneration Committee and by the Board of Directors of the Company w.e.f. 28.08.2011 for a further period of five years i.e. up to 27.08.2016 are given hereunder. The Board recommends the resolution for your approval.

SALARY:

The Managing Director shall be paid a consolidated salary of upto Rs.3,00,000/- (Rs. Three lacs only) per month.

PERQUISITES & ALLOWANCES:

Perquisites and Allowances have been allowed in addition to above salary and have been restricted to an amount of Rs.50,000/- (Rs. Fifty thousand only) per month as under:

- i) **Housing:**
Free furnished accommodation or house rent allowance equal to 50% of the basic salary. Free furnishing shall also be provided by the company alongwith other amenities. The said facility shall, however, be subject to the policy framed by the company in this respect. The expenditure incurred by the company on the gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.
- ii) **Medical Reimbursement:**
Expenses incurred for self and the family (including Mediclaim Insurance Premium) subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- iii) **Leave:**
Leave with full pay or encashment thereof as per the Rules of the Company.
- iv) **Leave Travel Concession:**
For self and family, once in a year incurred in accordance with Rules specified by the company.
- v) **Club fees:**
Fees of Clubs subject to a maximum of two clubs, excluding admission or life membership fees.
- vi) **Personal Accident Insurance:**
Premium not to exceed Rs.5,000/- per annum.
- vii) **Provident Fund:**
Contribution to Provident fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent either these singly or put together are not taxable under the Income Tax Act.
- viii) **Gratuity:**
Gratuity payable shall not exceed half a month's salary for each completed year of service. This will, however, be subject to ceiling prescribed by the Central Government from time to time.
- ix) **Car:**
Provision of car alongwith driver for use for company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to the appointee."

The above may be treated as an abstract and notice of Interest under Section 302 of the Companies Act, 1956.

MEMORANDUM OF INTEREST

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

FOR ITEM NO. 6

The Company has been availing of Term Loans of Rs.7.00 crores from IDBI Bank Ltd (IDBI) and of Rs 26.61 crores from State Bank of India (SBI). Further it is also availing of working capital facilities from SBI for its GP/GC unit at Rajpura. As per the terms of sanction of SBI, pari passu first charge is to be created for their term loans and second charge on the said assets is to be created in favour of SBI to secure its working capital facilities.

Section 293 (1) (a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Limited Company shall not, without the consent of the company in general meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, the whole or substantially the whole of any such undertaking.

Since the mortgaging by the company of its immovable properties as aforesaid in favour of IDBI and SBI may be regarded as disposal of the Company's properties/undertakings, the approval of the members is being sought under Section 293 (1) (a) of the Companies Act, 1956 for creation of the said mortgage/charge.

Hence, the Board recommends the resolution for your approval.

MEMORANDUM OF INTEREST

None of the Directors is concerned or interested in the resolution.

By order of the Board of Directors

Sd/-

(RAHUL JAIN)

MANAGING DIRECTOR

PLACE : LUDHIANA

DATED : 03.09.2011



VARDHMAN INDUSTRIES LIMITED

DIRECTORS' REPORT

To

The Members,

We have pleasure in presenting the 27th Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

	(Rupees in Lacs)	
	CURRENT YEAR	PREVIOUS YEAR
Turnover (Gross)	33954.98	28442.96
Profit before Interest, Depreciation and Tax	2669.76	1868.69
Less : Financial Expenses	667.40	633.36
Cash Profit before Tax	2002.36	1235.33
Less :		
Provision for Depreciation	432.83	339.13
Taxes : Current Tax	360.00	217.00
Deferred Tax	121.09	99.85
Profit after Tax	1088.44	579.35
Add:		
Balance b/f from Previous Year	4220.08	3757.79
Profit available for appropriations	5308.52	4337.14
Appropriations:		
Proposed Dividend	78.95	78.95
Tax on dividend	12.81	13.11
Transferred to General Reserve	25.00	25.00
Surplus Carried to Balance Sheet	5191.76	4220.08
	5308.52	4337.14

OPERATIONS:

Even though the Iron & Steel Industry in general has shown divergent trends, your Company has performed well on account of its diversified product mix and economies of scale. Accordingly the Company has recorded a sharp jump of about 87 % in profit after tax which has risen from Rs. 579.35 lacs in previous year to Rs. 1088.44 lacs. Your Company has registered a higher turnover of Rs.33954.98 lacs as compared to Rs. 28442.96 lacs of previous year recording an increase of over 19 %. This has been made possible mainly due to better sales 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 South Africa, Tajikistan, Malawi, Bangkok, Thailand, Dubai and Australia. The Company has been able to register a healthy growth of about 47% in exports which has increased from Rs. 5172.64 lacs to Rs. 7597.53 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 still better results on Export Front.

SUBSIDIARY COMPANY:

The Ministry of Corporate Affairs vide its General Circular No. 2/2011, dated 8th February 2011 have granted permission to holding companies not to attach accounts of its subsidiary companies, with the Balance Sheet of the company.

The Company has only one subsidiary Company namely 'Vallabh Tinplate Private Limited' (VTPL). The Annual Accounts of VTPL are not attached with the Annual Report of the Company. The Company will make available the annual accounts of the subsidiary company and the related detailed information to any member of the company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept open for inspection at the Registered/Administrative Offices of the company and that of the subsidiary company.



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VTPL is setting up a unit for the manufacture of Tinplate with a capacity of 60000 TPA at Village Bapror, Tehsil Rajpura, District Patiala in the State of Punjab at an estimated cost of Rs. 7400.00 lacs. All financial arrangements have been tied up, construction of building has been completed, the Plant is under erection and barring unforeseen circumstances, the unit is expected to start trial production by December, 2011. Out of the total capital of Rs.551.00 lacs as on 31.03.2011, your Company hold 67.15 %.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO VALLABH TINPLATE PRIVATE LIMITED :

Financial Year ending of the Subsidiary	Number of Shares held & Face Value	Extent of Holding	For Financial Year of the 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.5)	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)
31.03.2011	37,00,000 of Rs.10/- each	67.15%	N.A*	N.A*

(*) The project is under implementation stage.

STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO VALLABH TINPLATE PRIVATE LIMITED :

(Rs. in lacs)

Particulars	Current Year	Previous Year
Capital	551.00	1.00
Reserves	17.16	17.16
Total Assets	1809.57	73.61
Total Liabilities	1131.68	55.45
Capital work in progress included in total Assets	1325.57	8.10
Investment included in total Assets	15.00	15.00
Turnover (Net)	--	--
Profit before Taxation	--	--
Provision for Taxation	--	--
Profit after Taxation	--	--
Proposed Dividend	--	--

DIVIDEND:

Encouraged by the robust performance and profitability of the Company, your Directors are pleased to recommend dividend of 10 % (Rs.1.00 per equity share of Rs.10/- each) for the year ended 31.03.2011.

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 2011-12.

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.

DIRECTORS:

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



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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 statutory auditors and internal auditors are the permanent invitees to the audit committee meetings. 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	37	Managing Director looking after all managerial functions of the Company	31,56,447/-	B.Com.	15	01.08.2009	Vallabh Steels Limited (Whole Time Director)

Note: The above appointment is contractual and remuneration includes perquisites valued in accordance with the Income Tax Rules, 1962. Mr. Rahul Jain holds 370000 equity shares representing 4.69 % in the paid up capital of the Company.

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 : 03.09.2011

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 2010-11. During the year the Industry in general and Iron & Steel Industry in particular has been adversely affected by the increase in diesel prices. However, due to diversified product mix and economies of scale your Company has withstood this adverse scenario and has performed better as compared to last year.

In 2010-11, steel consumption grew at a healthy 10 % from 59 MnT in 2009-10 to 66 MnT, owing to strong demand from the infrastructure, construction, automobile and industrial sectors. Rising production capacities has reduced India's import dependency from 13 % in 2009-10 to about 10 % in 2010-11.

Outlook for 2011-12:

With the strong underlying growth momentum of the Indian Economy, the outlook remains positive though concerns remain on account of rising inflation coupled with tightening liquidity resulting in higher rate of interest on Bank borrowings. Economic activity is expected to take a step forward with GDP expected to grow at around 8-9 % in the current financial year 2011-12.

(b) Company's Performance:

The Gross turnover of the Company during the year 2010-11 was Rs. 33954.98 lacs as against Rs. 28442.96 lacs in the previous year. The net profit after tax has increased to Rs. 1088.44 lacs as compared to Rs. 579.35 lacs in the previous year.

(c) Dividend:

The Directors are pleased to recommend dividend of 10 % (Rs. 1.00 per equity share of Rs. 10/- each) for the year ended 31.03.2011.

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

The Iron & Steel Industry as a whole continues to witness erratic 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 26 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.



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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 2010-11, thirteen board meetings were held on 14.05.2010, 23.06.2010, 10.08.2010, 14.08.2010, 04.10.2010, 21.10.2010, 27.10.2010, 10.11.2010, 24.11.2010, 12.02.2011, 15.03.2011, 29.03.2011 and 31.03.2011.

(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	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	8	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. Vikram Jain, aged about 35 years is BBA (Australia) and has an experience of about 12 years in the Industry and has also been a Whole Time Director of the Company till 31.03.2011. He is now being reappointed as a Director liable to retire by rotation. He is also the Managing Director of Vallabh Textiles Company Limited and a Director on the Boards of Vallabh Steel East Limited, Vallabh Aar Ess Techtex Private Limited and AVP Motor Works Private Limited.
2. Mr. Ashwani Kumar, aged about 56 years is a practicing Chartered Accountant by profession and is a member of the Institute of Chartered Accountants of India. He has an experience of over 33 years in the profession. He is also a director on the Boards of Ludhiana Stock Exchange Limited, D & M Components Limited, Globe Trotters Private Limited, Master Trust Limited, Prime Industries Limited, SEL Manufacturing Company Limited, SEL Textiles Limited, Shiva Textfabs Limited and Unique Holdings Private Limited.

(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 14.05.2010, 10.08.2010, 14.08.2010, 10.11.2010 and 12.02.2011. 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. No meeting of Remuneration Committee was held during the financial year 2010-2011.

(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 2010-11 are given below:

(Amount in Rs.)

NAME	DESIGNATION	SALARY	PERKS	TOTAL
Mr. Rahul Jain	Mg. Director	30,00,000/-	1,56,447/-	31,56,447/-
Mr. Vikram Jain	Whole Time Director	18,00,000/-	84,000/-	18,84,000/-

The above appointments are on contractual basis.

Non-executive independent directors have not been paid any remuneration during 2010-11.

(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 2010-11 the committee met 22 times.

During the year 2010-11, 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.



VARDHMAN INDUSTRIES LIMITED

(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
26th AGM	Wednesday, 15.09.10, 1.30 PM	M4ii, Mahendru Enclave, Main G.T. Karnal Road, Mehfil Complex, Delhi	1
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,	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 2010-11 THROUGH POSTAL BALLOT:**

No resolution was passed by postal ballot during the financial year 2010-11.

(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 31.03.2011.

(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.

The financial results and shareholding pattern of the company are also available at the Company's Web-site viz. www.vallabhgroup.com.

(10) **GENERAL INFORMATION FOR SHAREHOLDERS :**

(i) **27th Annual General Meeting:**

Date and Time : Friday, the 30th September, 2011 - 1.30 PM.

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

(ii) **Financial Calender 2011-12**

First Quarter Results : By middle of August, 2011

Second Quarter Results : By middle of November, 2011

Third Quarter Results : By middle of February, 2012

Fourth Quarter Results : By middle of May, 2012

Annual Results 2011-12 : In the month of July/ August 2012.

(iii) **Date of Book Closure** : Wednesday, the 28th September, 2011 to
Friday, the 30th September, 2011 (both days inclusive).

(iv) **Dividend Payment Date** : on or before 29th October, 2011.

(v) **Listing** : The company's shares are listed on the Bombay Stock Exchange Limited at Mumbai.

(vi) **Stock Code** : **Stock Exchange** **Code**
Mumbai 513534



VARDHMAN INDUSTRIES LIMITED

(vii) Stock Market Data :

The month wise highest & lowest closing prices vis-a-vis BSE sensex during the financial year 2010-11 are given as follows:

Financial Year 2010-11	Closing Share prices of the Company at BSE		BSE Sensex	
	High(Rs.)	Low(Rs.)	Highest	Lowest
April, 2010	30.25	21.25	18047.86	17276.80
May, 2010	33.00	24.75	17536.86	15960.15
June, 2010	32.00	25.30	17919.62	16318.39
July, 2010	31.40	27.00	18237.56	17395.58
August, 2010	39.95	28.60	18475.27	17819.99
September, 2010	45.10	32.00	20267.98	18027.12
October, 2010	64.95	36.60	20854.55	19768.96
November, 2010	66.90	45.00	21108.64	18954.82
December, 2010	56.45	45.05	20552.03	19074.57
January, 2011	60.00	45.00	20664.80	18038.48
February, 2011	49.35	39.05	18690.97	17295.62
March, 2011	45.00	36.50	19575.16	17792.17

(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. 2834764 equity shares comprising of 35.90% of the total equity shares of the company are in dematerialised form as on 31.03.2011. Out of a total of 9299 shareholders 3537 shareholders representing 38.04% have got their shares dematerialised as on 31.03.2011.

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 31.03.2011:

Share Holding	Share Holders		Share Holding	
	Number	% to total	Number	% to Total
Up to 500	8847	95.14	1152350	14.60
501 to 1000	224	2.41	188665	2.39
1001 to 2000	93	1.00	146357	1.85
2001 to 3000	42	0.45	108052	1.37
3001 to 4000	18	0.19	64423	0.82
4001 to 5000	14	0.15	66149	0.84
5001 to 10000	23	0.25	166816	2.11
10001 and above	38	0.41	6002388	76.02
Total	9299	100.00	7895200	100.00

(x) Share Holding Pattern as on 31.03.2011 :

Category	Number of Shares	% to Total Shares
Promoters	5155000	65.29
Private Corporate Bodies	161338	2.04
Indian Public	2536349	32.13
NRIs	42513	0.54
Total	7895200	100.00

(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



VARDHMAN INDUSTRIES LIMITED

(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,
Ludhiana-141 120.
Phone No. : 0161-2511412, 2511413 | b) G.T. Road, Village Nandpur, Sahnewal,
Ludhiana-141 120.
Phone No. : 0161-2844499 |
| c) G.T. Road, Village Bapror,
Teh. Rajpura, Distt. Patiala (Punjab)
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, 2011.

By order of the Board of Directors

**Place : Ludhiana
Date : 03.09.2011**

**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, 2011, 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.

**PLACE: LUDHIANA
DATE : 03.09.2011**

**For Raj Gupta & Co.
Chartered Accountants
FRN- 000203N**

**Sd/-
(R.K. GUPTA)
PARTNER
M. No. 017039**



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 31.3.2011.

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
a) Electricity		
I) Furnace Division		
Purchased Units	87,31,610	79,68,650
Total Amounts (Rs.)	4,20,57,883	3,78,14,914
Rate/Unit (Rs.)	4.82	4.75
II) G.P./G.C. Division		
Purchased Units	1,32,56,400	1,34,64,026
Total Amounts (Rs.)	5,85,55,636	6,38,96,421
Rate/Unit (Rs.)	4.42	4.75
b) Own Generation		
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.)	-	-
c) Coal (Steam)		
Quantity (Tonnes)	-	-
Total Cost (Rs.)	-	-
Average Rate (Rs.)	-	-
d) Furnace Oil		
Quantity (Ltrs.)	-	-
Total Cost (Rs.)	-	-
Average Rate (Rs.)	-	-
e) Other/Internal Generation		
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	5,043	4,966
Diesel (Rs.)		19	21
b) G.P./G.C Sheets/Coils			
Electricity (Rs.)	MT	619	740
Coal & Fuel	MT		
i. Diesel (Rs.)		12	27
ii. Husk (Rs.)		-	13
iii. Coal (Rs.)		-	-
iv. Gas (Rs.)		1410	1029

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 South Africa, Tajikistan, Malawi, Bangkok, Thailand, Dubai and Australia 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.)	11,43,78,731	20,64,35,300
(CIF Value of Import & Expenditure in foreign currency)		
Earned (Rs.)	75,97,53,244	51,72,63,989
(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 : 03.09.2011



VARDHMAN INDUSTRIES LIMITED

AUDITORS' REPORT

To

**The Members of
VARDHMAN INDUSTRIES LIMITED,**

1. We have audited the attached Balance Sheet of **VARDHMAN INDUSTRIES LIMITED**, ('the company') as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement 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 the 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) (Amendment) Order, 2004 ('the order') 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 paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss account and the 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 written representations received from the directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**For RAJ GUPTA & CO.
CHARTERED ACCOUNTANTS
FRN- 000203N**

**Place : Ludhiana
Dated : 03.09.2011**

**Sd/-
(R. K. GUPTA)
PARTNER
M. No. 017039**

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- i.
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, most of the fixed assets have been physically verified by the management during the year in a phased manner, which in our opinion is reasonable having regard to the size of the company. No material discrepancies were noticed on such verification.
 - (c) The company has not disposed off a substantial part of its fixed assets during the year.
- ii.
 - (a) According to information and explanations given to us, physical verification of inventories has been conducted at reasonable intervals by the management during the year.
 - (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaining proper records of its inventory. As explained to us, the discrepancies noticed on physical verification were not material. The discrepancies noticed have been properly dealt with in the books of account.



VARDHMAN INDUSTRIES LIMITED

- iii) (a) According to the information and explanations given to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence clause (iii)-(b), (c) and (d) of the order are not applicable.
- (b) The company has taken loans from some parties listed in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the terms and conditions of the loans are not prima facie prejudicial to the interests of the company
- (iv) In our opinion, based on our observations and the information and explanations given to us, the company has in place an adequate internal control system commensurate with its size and the nature of its business, with regard to purchases of inventory, fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) Based on the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered into the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions exceeding Rupees five lacs made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the requirement regarding the maintenance of cost records is not applicable to the company.
- (ix) (a) Undisputed statutory dues including provident fund, Investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess have generally been deposited by the company in time with the appropriate authorities. Based on our examination of the records of the company and information and explanations given to us, there were no arrears of undisputed statutory dues due as on 31st March 2011 that remained payable for more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no disputed dues outstanding in the books of account for income tax / sales tax / wealth tax / service tax / custom duty / excise duty / cess.
- (x) The company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks or debenture holders.
- (xii) As explained to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4 (xii) of the order are not applicable to the company.
- (xiii) The company is not a Chit Fund or a nidhi, mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the order are not applicable to the company.
- (xiv) Based on the information and explanations given to us and the records of the company examined by us, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the order are not applicable to the company.
- (xv) Based on our examination of the records of the company and information and explanations given to us, the company has given a guarantee of Rs 1.50 crores for loans taken by Vallabh Steels Ltd from banks. In our opinion, the terms and conditions of the said guarantee are not prime facie prejudicial to the interests of the company.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination, the term loans have been applied for the purpose for which the loans were obtained.
- (xvii) Based on the 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 preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the company has not issued debentures during the year. Accordingly, the provisions of clause 4(xix) of the order are not applicable to the company.
- (xx) According to the information and explanations given to us, the company has not raised any money by way of public issue during the year. Accordingly the provisions of clause 4(xx) of the order are not applicable to the company.
- (xxi) According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported by the company during the year.

**For RAJ GUPTA & CO.
CHARTERED ACCOUNTANTS
FRN- 000203N**

**Place : Ludhiana
Dated : 03.09.2011**

**Sd/-
(R. K. GUPTA)
PARTNER
M. No. 01703N**



VARDHMAN INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	ANNEXURES	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
I. SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	'A'	7,94,76,000	7,94,76,000
Reserves & Surplus	'B'	58,78,97,460	48,82,29,592
Loan Funds			
Secured Loans	'C'	80,09,80,973	66,39,18,125
Unsecured Loans	'D'	1,94,11,250	1,95,04,867
Deferred Credits		1,25,97,858	1,26,19,465
Deferred Tax		8,95,39,143	7,74,30,353
	TOTAL	1,58,99,02,684	1,34,11,78,402
II. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	'E'	91,84,50,866	71,93,60,323
Less: Depreciation		24,93,98,604	20,69,24,441
Net Block		66,90,52,262	51,24,35,882
Capital work in progress		63,44,676	44,95,136
Investments	'F'	9,34,61,000	4,63,38,000
Current Assets, Loans & Advances			
Inventories	'G'	41,17,31,080	35,61,35,556
Sundry Debtors	'H'	52,27,00,846	44,93,46,192
Cash & Bank Balances	'I'	1,89,44,144	2,25,53,510
Loans & Advances	'J'	15,26,19,261	16,27,25,297
		1,10,59,95,331	99,07,60,555
Less : Current Liabilities & Provisions			
Liabilities	'K'	27,57,74,586	20,36,44,677
Provisions	'L'	91,75,999	92,06,494
		28,49,50,585	21,28,51,171
Net Current Assets		82,10,44,746	77,79,09,384
	TOTAL	1,58,99,02,684	1,34,11,78,402
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	'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
 FRN- 000203N

For and on behalf of the Board

Sd/-
(R. K. Gupta)
 Partner
 M.No. 017039
 Place : Ludhiana
 Dated : 03.09.2011

Sd/-
(Kapil Kumar Jain)
 Chairman

Sd/-
(Rahul Jain)
 Managing Director

Sd/-
(Vikram Jain)
 Director



VARDHMAN INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	ANNEXURES	FOR THE YEAR ENDED 31.03.2011 Rs.	FOR THE YEAR ENDED 31.03.2010 Rs.
INCOME			
Gross Turnover		3,39,54,97,984	2,84,42,95,905
Less: Excise Duty		2,67,15,259	61,49,894
Turnover (Net)		3,36,87,82,725	2,83,81,46,011
EXPENDITURE			
Cost of Material Consumed	'M'	2,76,39,14,131	2,34,62,84,378
Manufacturing Expenses	'N'	14,20,34,819	15,51,25,295
Personnel Expenses	'O'	5,28,14,460	4,05,39,304
Admn. & Other Expenses	'P'	2,86,20,753	2,17,82,714
Financial Expenses	'Q'	6,67,40,438	6,33,36,319
Selling & Distribution Expenses	'R'	11,44,22,711	8,75,44,373
Depreciation		4,32,82,756	3,39,13,043
	TOTAL	3,21,18,30,068	2,74,85,25,426
PROFIT BEFORE TAX		15,69,52,657	8,96,20,585
Less : Provision for Taxation			
- Current Tax		3,60,00,000	2,17,00,000
- Deferred Tax		1,21,08,790	99,85,103
PROFIT AFTER TAX		10,88,43,867	5,79,35,482
Balance B/F from previous year		42,20,07,885	37,57,78,897
Profit available for appropriation		53,08,51,752	43,37,14,379
APPROPRIATIONS			
Provision for Proposed Dividend		78,95,200	78,95,200
Tax on proposed dividend		12,80,799	13,11,294
Transferred to General Reserve		25,00,000	25,00,000
Balance carried to Balance Sheet		51,91,75,753	42,20,07,885
	TOTAL	53,08,51,752	43,37,14,379
Basic & diluted Earning per Share (Refer to note no. 3 to Note on Accounts)		13.79	7.34

SIGNIFICANT ACCOUNTING POLICIES
AND 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
FRN- 000203N

Sd/-
(R. K. Gupta)

Partner
M.No. 017039
Place : Ludhiana
Dated : 03.09.2011

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Vikram Jain)
Director

**VARDHMAN INDUSTRIES LIMITED**

PARTICULARS	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
ANNEXURE - 'A'		
SHARE CAPITAL		
Authorised		
80,00,000 Equity Shares of Rs. 10/- each	8,00,00,000	8,00,00,000
Issued and Subscribed		
80,00,000 Equity Shares of Rs. 10/- each	8,00,00,000	8,00,00,000
Paid up		
78,95,200 Equity Shares of Rs. 10/- each	7,89,52,000	7,89,52,000
Add: Shares Forfeited	5,24,000	5,24,000
TOTAL	7,94,76,000	7,94,76,000
Note: 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.		
ANNEXURE - 'B'		
RESERVES & SURPLUS		
Share Premium		
	1,97,38,000	1,97,38,000
General Reserve		
As per last Balance Sheet	4,64,83,707	4,39,83,707
Addition during the year	25,00,000	25,00,000
Sub Total	4,89,83,707	4,64,83,707
Surplus in P & L A/c	51,91,75,753	42,20,07,885
TOTAL	58,78,97,460	48,82,29,592
ANNEXURE - 'C'		
SECURED LOANS		
Working Capital Borrowings		
- From Banks	50,60,53,625	47,63,46,537
Term Loans		
- IDBI Bank Limited	3,25,83,939	1,25,00,000
- State Bank of India	22,50,17,178	17,50,71,588
- Allahabad Bank	3,73,26,231	-
TOTAL	80,09,80,973	66,39,18,125



VARDHMAN INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
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NOTES :

- Working Capital borrowings from State Bank of India are secured by hypothecation of entire present and future tangible current assets of the GP/GC Unit of the Company and personally guaranteed by three of the directors. The said borrowings are also secured by way of second charge on block assets of the GP/GC Unit of the Company.
- Working Capital borrowings from Punjab National Bank are secured by hypothecation of entire present and future current assets of the Steel Unit of the Company & personally guaranteed by three of the directors. The said borrowings are also secured by way of first charge on block assets of the steel unit of the Company.
- 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.
- Terms loan from Allahabad Bank is secured by tangible fixed assets of the CR unit at Rajpura and also guaranteed by three of the directors.

ANNEXURE - 'D'

UNSECURED LOANS

From Shareholders, Directors and their relatives	1,94,11,250	1,95,04,867
TOTAL	<u>1,94,11,250</u>	<u>1,95,04,867</u>

ANNEXURE - 'E'

FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As At 1.4.2010	Additions	Sales/ Adjust- ments	As At 31.3.2011	As At 01.04.2010	For the Year	Adjust- ment/ Written Back	As At 31.3.2011	As At 31.3.2010
Land	82,84,282	7,07,000	-	89,91,282	-	-	-	89,91,282	82,84,282
Building	9,44,46,239	3,85,49,842	-	13,29,96,081	1,80,44,200	34,44,380	-	2,14,88,580	11,15,07,501
Furniture & Fixture	29,45,667	10,74,610	-	40,20,277	11,20,169	1,95,046	-	13,15,215	27,05,062
Plant and Machinery	58,14,00,949	16,08,75,541	32,41,984	73,90,34,506	17,91,98,243	3,66,88,650	1,92,619	21,56,94,274	52,33,40,232
Vehicles	3,22,83,186	20,73,850	9,48,316	3,34,08,720	85,61,829	29,54,680	6,15,974	1,09,00,535	2,25,08,185
Total	71,93,60,323	20,32,80,843	41,90,300	91,84,50,866	20,69,24,441	4,32,82,756	8,08,593	24,93,98,604	66,90,52,262
Previous Year	62,68,29,450	9,39,16,086	13,85,213	71,93,60,323	17,37,61,015	3,39,13,043	7,49,617	20,69,24,441	51,24,35,882



VARDHMAN INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
ANNEXURE - 'F'		
INVESTMENTS		
QUOTED		
2,95,000 Equity Shares of Rs. 10/- each fully paid up of Vallabh Steels Ltd.	29,50,000	29,50,000
20,000 Equity Shares of Rs. 10/- each fully paid up of Associated Leasing Ltd.	2,00,000	2,00,000
UNQUOTED		
42,50,000 (Previous year 42,50,000) Equity Shares of Rs. 10/- each fully paid up of Vallabh Textiles Co. Ltd.	4,25,00,000	4,25,00,000
37,00,000 Equity Shares of Rs. 10/- each fully paid up of Vallabh Tinplate Private Ltd.	3,70,00,000	-
Share Application Money (Vallabh Tinplate Pvt. Ltd.)	1,01,23,000	-
NON-TRADE QUOTED		
40,000 units of Rs 10/- each of SBI Infrastructure Fund	4,00,000	4,00,000
72,000 equity shares of Rs 5/- each fully paid up of DMC Education Ltd. (Previous Year 72,000 equity shares of Rs 5/- each fully paid up of DMC International Ltd.)	2,88,000	2,88,000
TOTAL	9,34,61,000	4,63,38,000
Note :		
Market Value of Quoted Investments	78,07,120	90,30,950
Aggregate Value of quoted Investments	38,38,000	38,38,000
Aggregate Value of Unquoted Investments	8,96,23,000	4,25,00,000
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
ANNEXURE - 'G'		
INVENTORIES		
(As taken, valued and certified by the Management)		
Stores & Spares	62,87,080	60,82,945
Raw Materials	18,18,31,756	13,28,64,938
Material-in-transit	10,84,518	2,91,25,183
Material-in-process	3,63,38,101	2,68,36,992
Finished Goods	18,61,89,625	16,12,25,498
TOTAL	41,17,31,080	35,61,35,556

- 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 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
ANNEXURE - 'H'		
SUNDRY DEBTORS (Unsecured considered good)		
More than six months old	47,28,392	45,05,618
Others	51,79,72,454	44,48,40,574
TOTAL	<u>52,27,00,846</u>	<u>44,93,46,192</u>
ANNEXURE - 'I'		
CASH & BANK BALANCES		
a) Cash in Hand	8,27,311	5,82,252
b) With Scheduled Banks in Current Accounts	38,15,746	6,62,061
Fixed Deposit Accounts	1,43,01,087	2,13,09,197
TOTAL	<u>1,89,44,144</u>	<u>2,25,53,510</u>
ANNEXURE - 'J'		
LOANS & ADVANCES (Unsecured considered good)		
Advances recoverable in cash or in kind or value to be received	13,63,04,185	12,46,18,905
Prepaid expenses	40,17,325	1,16,10,708
Securities Deposits	87,81,327	68,73,114
Balance with Central Excise Authorities	38,871	35,072
Income Tax (Net)	34,77,553	1,95,87,498
TOTAL	<u>15,26,19,261</u>	<u>16,27,25,297</u>
CURRENT LIABILITIES & PROVISIONS		
ANNEXURE - 'K'		
CURRENT LIABILITIES		
Sundry Creditors	22,85,45,453	15,13,94,291
Other Liabilities	2,40,86,993	2,75,74,681
Advance from customers	2,31,42,140	2,46,75,704
TOTAL	<u>27,57,74,586</u>	<u>20,36,44,677</u>
ANNEXURE - 'L'		
PROVISIONS		
Dividend	78,95,200	78,95,200
Tax on proposed dividend	12,80,799	13,11,294
TOTAL	<u>91,75,999</u>	<u>92,06,494</u>



VARDHMAN INDUSTRIES LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.03.2011 Rs.	FOR THE YEAR ENDED 31.03.2010 Rs.
ANNEXURE - 'M'		
COST OF MATERIAL CONSUMED		
Opening Stock		
Raw Material	13,28,64,938	11,17,87,078
Work in process	2,68,36,992	1,08,74,310
Finished goods	16,12,25,498	11,57,19,605
	<u>32,09,27,428</u>	<u>23,83,80,993</u>
Add : Purchases	2,84,73,46,185	2,42,88,30,813
	<u>3,16,82,73,613</u>	<u>2,66,72,11,806</u>
Less : Closing Stock		
Raw Material	18,18,31,756	13,28,64,938
Work in process	3,63,38,101	2,68,36,992
Finished goods	18,61,89,625	16,12,25,498
	<u>40,43,59,482</u>	<u>32,09,27,428</u>
Net Consumption	<u>2,76,39,14,131</u>	<u>2,34,62,84,378</u>
ANNEXURE - 'N'		
MANUFACTURING EXPENSES		
Stores & Spares consumed	1,62,11,678	2,19,97,455
Power & Fuel	10,21,16,662	10,53,90,002
Repair & Maintenance	54,13,816	80,81,882
Other Manufacturing Expenses	1,82,92,663	1,96,55,956
TOTAL	<u>14,20,34,819</u>	<u>15,51,25,295</u>
ANNEXURE - 'O'		
PERSONNEL EXPENSES		
Salaries, Wages, Bonus and Other Benefits	4,82,53,475	3,62,42,052
Contribution towards Provident & Other Funds	23,91,900	16,64,563
Welfare Expenses	17,24,392	17,69,221
Gratuity	4,44,693	8,63,468
TOTAL	<u>5,28,14,460</u>	<u>4,05,39,304</u>



VARDHMAN INDUSTRIES LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.03.2011 Rs.	FOR THE YEAR ENDED 31.03.2010 Rs.
ANNEXURE - 'P'		
ADMINISTRATIVE & OTHER EXPENSES		
Rent, Rates and Taxes	33,49,107	24,44,793
Insurance	3,45,735	1,41,636
Legal & Professional charges	20,59,872	15,41,881
Directors' Remuneration	48,00,000	36,00,000
Vehicles Running & Maintenance	43,58,680	36,40,659
Travelling and Conveyance	65,11,418	56,02,743
Payments to Auditors		
- Statutory Audit Fee	40,000	40,000
- Tax Audit Fee	15,000	15,000
- Reimbursement of expenses	25,183	28,663
Postage, Telegram and Telephone	18,84,976	13,35,217
Printing & Stationery	11,48,083	7,78,209
Repairs & Maintenance		
- Building	4,81,261	5,15,847
- General	4,78,038	2,42,258
Charity & Donation	65,300	53,450
Loss on sale of fixed assets	11,52,291	2,12,905
Other Miscellaneous Expenses	19,05,809	15,89,453
TOTAL	2,86,20,753	2,17,82,714
ANNEXURE - 'Q'		
FINANCIAL EXPENSES		
Interest		
-On Term Loan	1,78,06,093	2,08,08,621
-On Working Capital	4,73,23,902	3,70,20,358
-To Others	-	10,968
Bank Charges and commission	16,10,443	54,96,372
TOTAL	6,67,40,438	6,33,36,319
ANNEXURE - 'R'		
SELLING AND DISTRIBUTION EXPENSES		
Packing & Forwarding Charges	1,87,09,495	1,53,95,092
Rebate and Discount	96,74,100	78,72,313
Advertisement	4,26,233	2,11,747
Brokerage & Commission	26,96,919	14,94,097
Other selling expenses	28,04,203	15,96,166
Export Expenses	8,01,11,761	6,09,74,958
TOTAL	11,44,22,711	8,75,44,373



ANNEXURE - 'S'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES :

i Accounting Convention

The financial statements, other than the cash flow statement, are prepared on accrual basis under the historical cost convention treating the entity as a going concern and in accordance with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

ii. Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost comprises purchase price/construction cost and any directly attributable cost of bringing the asset to its working condition for its intended use. The borrowing costs in respect of qualifying assets incurred till the asset is ready for its intended use are capitalized.

iii. Depreciation

Depreciation on fixed assets in the GP/GC unit is charged on the straight line method. The depreciation on fixed assets in other units is charged on the written down value method. Depreciation is charged at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

iv. Impairment of Assets

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired in terms of Accounting Standard 28 issued by Institute of Chartered Accountants of India (ICAI). If such an 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 and charged to the Profit & Loss Account. The impairment loss recognized in prior accounting periods is reversed if there is a change in the estimate of recoverable amount of an asset.

v. Revenue Recognition

- a) Revenue from sale of goods is recognized at the point of passing of title of the goods to the customer which generally coincides with delivery.
- b) Sale value is inclusive of excise duty paid at the time of clearance of goods but exclusive of sales tax.
- c) Export sales are accounted for on the basis of the "Let Export" date.
- d) Revenue in respect of export incentives is recognized when such incentives accrue upon export of goods.

vi. Inventories

Inventories are valued at cost or net realizable value, whichever is lower after providing obsolescence, if any. The cost in respect of various items of inventory is determined as under:

- a) In case of raw materials, stores and spares, at weighted average cost;
- b) In case of work in process, at the raw material cost plus conversion cost depending upon the stage of completion of goods;
- c) In case of finished goods at the raw material cost, conversion cost and other overheads incurred to bring the goods to their present location and condition.

vii. Investments

Long-term investments are carried at cost less provisions, if any, for permanent diminution in value. Current investments are carried at lower of cost or fair value.

viii. Foreign Exchange Transactions

Transactions in foreign currency are recorded at the exchange rates prevalent at the time of transaction. Foreign Currency assets and liabilities are stated at the exchange rates prevailing at the date of Balance Sheet or at forward contract rates, wherever so covered. Realized 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 rates in the case of fixed assets is adjusted to the cost of fixed assets.



ix. Accounting for taxes on Income:

Provision for current tax is made on the basis of aggregate amount of income tax actually payable for the year on the estimated taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from the timing differences between book profit and tax profit is accounted for at the enacted rate of tax to the extent that the timing differences are expected to reverse in future. Deferred Tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized only to the extent there is a virtual certainty that future taxable income will be available to realize these assets.

x. Employee benefits:

1. Short-term employee benefits:

Short-term employee benefits are recognized as an expense in the Profit & Loss account in the year in which the related services are rendered by the employees.

2. Retirement benefits:

Defined contribution plans:

Contributions to the employees' provident fund are made in accordance with the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Such contributions are charged to the Profit & Loss account of the year in which the related services are rendered by the employees.

Defined benefit plans:

Gratuity:

Liability in respect of gratuity is accounted for on the basis of an actuarial valuation. The present value of defined benefit obligation as at the end of the year is determined using the Projected Unit Credit method i.e. each period of service rendered by the employee is considered to give rise to an additional unit of benefit entitlement, gradually building up the final obligation.

xi. Contingent Liabilities

No provision is made for liabilities that are contingent in nature, unless it is probable that future events will confirm that an asset has been impaired or a liability incurred as at the balance sheet date and a reasonable estimate of the resulting loss can be made. However, all known, material contingent liabilities are disclosed by way of separate notes.

II) NOTES ON ACCOUNTS:

1. Contingent Liabilities not provided for:

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 1250.55 lacs (Previous year Rs. 1075.12 lacs).
 - b) Letter of Credits in favour of suppliers and others Rs. 528 lacs (Previous year Rs. 897.25 lacs).
 - c) Bank Guarantees in favour of suppliers and others Rs. 16.10 lacs (Previous Year Rs. 1.90 lacs).
 - d) Corporate Guarantee on given on behalf of others Rs. 150 lacs (Previous Year Rs. 350 lacs).
 - e) Derivative transactions: Rs. Nil (Previous Year Rs. 400 lacs).
2. In response to the letters sent to the suppliers seeking to know the status of their coverage under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act) the Company has received replies from some of the suppliers. Based on these replies, there is no information to be disclosed under the provisions of the said Act.



VARDHMAN INDUSTRIES LIMITED

3. Earnings Per Share (EPS)

	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)
Profit/(Loss) after Tax (Rs.)	10,88,43,867	5,79,35,482
Weighted average no. of ordinary shares	78,95,200	78,95,200
Weighted average no. of diluted shares	78,95,200	78,95,200
Nominal value of ordinary share (Rs.)	10.00	10.00
Basic Earning Per Share (Rs.)	13.79	7.34
Diluted Earning Per Share (Rs.)	13.79	7.34

4. The balances of sundry debtors and sundry creditors are subject to confirmation.
5. In the opinion of the Board of Directors, the Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the value at which they are stated in the foregoing Balance Sheet, unless stated otherwise.

6. REMUNERATION PAID / PAYABLE TO THE MANAGING/WHOLE-TIME DIRECTOR

	Current Year (Rs.)	Previous Year (Rs.)
a) Salary	48,00,000	36,00,000
b) Other Benefits (Rs.)	2,40,447	3,36,010
TOTAL	50,40,447	39,36,010

Computation of net profit in accordance with section 198 of the Companies Act, 1956:-

	Current Year (Rs.)	Previous Year (Rs.)
Net profit before taxation	15,69,52,657	8,96,20,585
Add: Managerial Remuneration	50,40,447	39,36,010
Add: Loss on sale of Fixed Assets	11,52,291	2,12,905
Net Profit under Section 349 of the Companies Act, 1956	16,31,45,395	9,37,69,500
Maximum Permissible i.e 10 % of profits	1,63,14,539	93,76,950

7. The company operates in only one segment: Iron & Steel.
8. The Income Tax and Sales Tax assessment of the company has been completed till accounting year 2005-2006 & 2008-2009 respectively.
9. The Company has given guarantee to State Bank of India for term loan and working capital facilities of Rs. 1.50 Crore given to another group company Vallabh Steels Limited.
10. Interest paid on working capital is net of interest received.
11. 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.
12. The company has taken plant and machinery on operating lease. Lease Rent amounting to Rs. 50,00,000/- (previous year Rs. 1,20,00,000/-) has been debited to Profit & Loss account. The lease agreement was terminated with effect from 25.08.2010.

13. Reconciliation of opening and closing balance of gratuity provision:

	Current Year (Rs.)	Previous Year (Rs.)
Liability at the beginning of the year	20,30,280	14,84,446
Liability provided during the year	3,15,150	5,45,834
Liability at the end of the year	23,45,430	20,30,280
Expenses Recognised in Profit & Loss Account		
Amount paid/provided during the year and included in Profit and Loss Account	4,44,693	8,63,468



VARDHMAN INDUSTRIES LIMITED

14. Deferred Tax Liability / Asset (net) pursuant to Accounting Standard 22 "Accounting for taxes on Income":

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Deferred tax liability		
Relating to fixed assets	9,07,78,770	7,80,49,664
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act, 1961	12,39,627	6,19,311
Deferred Tax Liability/(Asset)(net)	8,95,39,143	7,74,30,353

15. 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	
		2010-2011	2009-2010	2010-2011	2009-2010
Steel Ingots	MT	16,500	16,500	8,340	7,615
GP Coils	MT	45,000	45,000	47,222	43,449
CR Coils	MT	36,000	36,000	32,798	26,844
Colour Coated Coil/ Sheet*	MT	41,250	41,250	14,640	16,003

(*) 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	
		2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Steel Ingots	MT	532	130	135	532	8,737	7,213
	Rs.	1,52,87,876	35,06,863	43,47,136	1,52,87,876	26,45,19,218	19,16,75,718
GP/GC Sheets/ Coils	MT	1,325	1,928	2,154	1,325	38,530	34,401
	Rs.	6,30,36,831	8,03,42,075	11,10,25,897	6,30,36,831	1,87,52,99,744	1,54,61,01,639
Colour Coated/ Sheets/Coil	MT	980	549	839	980	14,584	15,299
	Rs.	5,59,37,659	2,75,50,143	5,92,24,856	5,59,37,659	94,95,57,220	87,61,55,450
By Products & Other	Rs.	2,69,63,132	43,20,524	1,15,91,736	2,69,63,132	30,61,21,804	23,03,63,098
Total (Rs.)		16,12,25,498	11,57,19,605	18,61,89,625	16,12,25,498	3,39,54,97,984	2,84,42,95,905

d) Raw Material Consumed

Class of Goods	Current Year		Previous Year	
	Qty (MT)	Value (Rs.)	Qty (MT)	Value (Rs.)
Steel Scrap *	9,080	15,84,13,313	8,299	13,00,14,364
C. R. Coil**	45,946	1,78,88,73,152	42,330	1,49,39,03,467
Zinc	1,979	23,69,90,419	1,841	20,00,65,711
GP Coil	7,152	31,85,41,692	6,736	26,48,19,876
Paint/Thinner/Primer(KL)	293	6,08,03,242	299	6,40,79,925
Guard Film	123	2,16,09,168	164	2,59,39,640
Packing Material		1,66,25,624		1,36,13,637
Others		19,65,22,757		21,53,16,333
Total (Rs.)		2,79,83,79,367		2,40,77,52,953

* Quantity includes 1244 MT transferred from G.P./G.C Division (Previous Year 1030 MT) For which value not considered.

** Includes material consumed from 6061 MT (Previous Year 4407) of job work production and 32798 MT (Previous Year 26845) of self manufacturing.



VARDHMAN INDUSTRIES LIMITED

	Current Year Value (Rs.)		Previous Year Value (Rs.)		
e) C.I.F. Value of Import					
Raw Material		10,56,51,164		20,13,78,215	
Capital Goods		69,97,457		26,05,135	
f) Expenditure in Foreign Currency					
Revenue Expenses		16,47,358		6,88,479	
Capital Expenses		82,752		17,63,471	
g) Earning in Foreign Exchange		75,97,53,244		51,72,63,989	
h) Details regarding Imported & Indigenous material consumed & Percentage thereof					
		Current Year		Previous Year	
Description	Value (Rs.)	%age	Value (Rs.)	%age	
Raw Material					
Indigenous	2,67,95,04,642	95.75	2,15,18,64,476	89.37	
Imported	11,88,74,725	4.25	25,58,88,477	10.63	
	<u>2,79,83,79,367</u>	<u>100.00</u>	<u>2,40,77,52,953</u>	<u>100.00</u>	
Stores & Spares					
Indigenous	1,62,11,678	100.00	2,19,97,455	100.00	
Imported	-	-	-	-	
	<u>1,62,11,678</u>	<u>100.00</u>	<u>2,19,97,455</u>	<u>100.00</u>	

16. Figures have been rounded off to the nearest Rupee and Metric Ton in case of amount and quantity respectively.
17. Previous year's figures have been regrouped / rearranged wherever considered necessary in order to make them look comparable with the current year's figures.
18. Annexures 'A' to 'S' form an integral part of the Balance Sheet and Profit & Loss Account.



VARDHMAN INDUSTRIES LIMITED

19. THE INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 : BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I. Registration Details																								
Registration No.										1 9 4 9 2					State Code		5 5							
Balance Sheet Date										3 1		- 0 3		- 2 0		1 1								
					Date			Month		Year														
II. Capital raised during the Year (Amount in Rs. Thousands)																								
Public Issue					Right Issue					Bonus Issue					Private Placement									
N I L					N I L					N I L					N I L									
III. Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)																								
Total Liabilities										1 8 7 4 8 5 3					Total Assets					1 8 7 4 8 5 3				
Source of Funds																								
Paid-up Capital					Reserve & Surplus					Secured Loans					Unsecured Loans									
7 9 4 7 6					5 8 7 8 9 7					8 0 0 9 8 1					1 9 4 1 1									
					Deferred Credits					Deferred Tax														
					1 2 5 9 8					8 9 5 3 9														
Application of Funds																								
Net Fixed Assets					Investments					Net Current Assets					Misc. Expenditure									
6 6 9 0 5 2					9 3 4 6 1					8 2 1 0 4 5					N I L									
					Accumulated Losses					Capital WIP														
					N I L					6 3 4 4														
IV. Performance of Company (Amount in Rs. Thousands)																								
Turnover					Total Expenditure					+/-Profit/Loss Before Tax					Profit After Tax									
3 3 6 8 7 8 3					3 2 1 1 8 3 0					+ 1 5 6 9 5 3					+ 1 0 8 8 4 4									
					Earning per Share in Rs.					Dividend Rate %														
					1 3 . 7 9					1 0														
V. Generic Names of Three Principal Products/Services of Company(As per Monetary Terms)																								
a)	Item Code No.														7 2 0 6 1 0 1 0									
	Product Discription														S T E E L I N G O T S									
b)	Item Code No.														7 2 1 0 4 9 0 0									
	Product Discription														G A L V A N I S E D P L A I N /									
															G A L V A N I S E D C O R R U G A T E D									
														S H E E T S / C O I L S										
c)	Item Code No.														7 2 1 0 9 0 9 0									
	Product Discription														G A L V A N I S E D C O L O U R									
														C O A T E D C O I L S / S H E E T S										

As per our separate report of even date

For and on behalf of the Board

FOR RAJ GUPTA & CO.

Chartered Accountants

FRN- 000203N

Sd/-
(R. K. Gupta)

Partner

M.No. 017039

Place : Ludhiana

Dated : 03.09.2011

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Vikram Jain)
Director



VARDHMAN INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	(Rs. in Lacs)	
	Current Year 2010-11	Previous Year 2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	1569.53	896.21
Adjustment for		
Depreciation	432.83	339.13
Loss on sale of fixed assets	11.52	2.13
Interest expense	667.40	633.36
Profit on sale of fixed assets	(0.75)	-
Operating Profit before working capital changes	2680.53	1870.83
Adjustment for,		
Trade & other receivable	(798.75)	(246.47)
Inventories	(550.79)	(979.41)
Trade Payables	721.30	369.83
Cash Generated from operations	2052.29	1014.78
Direct Taxes Paid	(202.49)	(217.00)
Net cash from operating activities	1849.80	797.78
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(2047.97)	(917.15)
Sale of Fixed Assets	23.08	4.22
Purchase of Investments	(471.23)	-
Net cash used in Investing Activities	(2496.12)	(912.93)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest paid	(667.40)	(633.36)
Dividend paid	(78.95)	-
Corporate dividend tax	(13.11)	-
Term loans raised during the year	1073.56	9.20
Working Capital Borrowings	297.07	678.12
Repayment of unsecured loans	(0.94)	58.78
Net cash used in financing activities	610.23	112.74
NET CHANGE IN CASH & CASH EQUIVALENTS (A+B+C)	(36.10)	(2.41)
Cash & Cash Equivalents at the beginning of the year	225.54	227.95
Cash & Cash Equivalents at the end of the year	189.44	225.54

As per our separate report of even date

FOR RAJ GUPTA & CO.

Chartered Accountants

FRN- 000203N

Sd/-

(R. K. Gupta)

Partner

M.No. 017039

Place : Ludhiana

Dated : 03.09.2011

For and on behalf of the Board

Sd/-

(Kapil Kumar Jain)

Chairman

Sd/-

(Rahul Jain)

Managing Director

Sd/-

(Vikram Jain)

Director



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

AUDITORS' REPORT

To

The Board of Directors

VARDHMAN INDUSTRIES LIMITED

1. We have audited the attached consolidated Balance Sheet of **VARDHMAN INDUSTRIES LIMITED**, ("the company") and its subsidiary (collectively referred to as the "Group") as at 31st March 2011, the consolidated Profit and Loss Account and also the consolidated Cash Flow Statement for the year ended on that date, both 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 the 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and as notified by the Companies (Accounting Standards) Rules 2006.
4. 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 the company and its subsidiary, in our opinion, 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:
 - (i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
 - (ii) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **RAJ GUPTA & CO.**
CHARTERED ACCOUNTANTS
FRN- 000203N

Place : Ludhiana
Dated : 03.09.2011

Sd/-
(**R. K. GUPTA**)
PARTNER
M. No. 017039



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	ANNEXURES	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
I. SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	'A'	7,94,76,000	7,94,76,000
Reserves & Surplus	'B'	58,90,49,628	48,82,29,592
Loan Funds			
Secured Loans	'C'	89,64,95,588	66,39,18,125
Unsecured Loans	'D'	2,15,85,949	1,95,04,867
Minority Interest		1,95,13,628	-
Deferred Credits		1,32,25,086	1,26,19,465
Deferred Tax		8,95,39,889	7,74,30,353
TOTAL		1,70,88,85,768	1,34,11,78,402
II. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	'E'	91,94,98,561	71,93,60,323
Less: Depreciation		24,94,54,212	20,69,24,441
Net Block		67,00,44,349	51,24,35,882
Capital work in progress		13,89,06,880	44,95,136
Investments	'F'	4,78,38,000	4,63,38,000
Current Assets, Loans & Advances			
Inventories	'G'	41,17,51,530	35,61,35,556
Sundry Debtors	'H'	52,27,00,846	44,93,46,192
Cash & Bank Balances	'I'	5,81,21,388	2,25,53,510
Loans & Advances	'J'	14,94,95,670	16,27,25,297
		1,14,20,69,434	99,07,60,555
Less : Current Liabilities & Provisions			
Liabilities	'K'	28,07,96,896	20,36,44,677
Provisions	'L'	91,75,999	92,06,494
		28,99,72,895	21,28,51,171
Net Current Assets		85,20,96,539	77,79,09,384
TOTAL		1,70,88,85,768	1,34,11,78,402

SIGNIFICANT ACCOUNTING POLICIES
AND NOTES ON ACCOUNTS

'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
FRN- 000203N

For and on behalf of the Board

Sd/-
(R. K. Gupta)
Partner
M.No. 017039
Place : Ludhiana
Dated : 03.09.2011

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Vikram Jain)
Director



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	ANNEXURES	FOR THE YEAR ENDED 31.03.2011 Rs.	FOR THE YEAR ENDED 31.03.2010 Rs.
INCOME			
Gross Turnover		3,39,54,97,984	2,84,42,95,905
Less: Excise Duty		2,67,15,259	61,49,894
Turnover (Net)		3,36,87,82,725	2,83,81,46,011
EXPENDITURE			
Cost of Material Consumed	‘M’	2,76,39,14,131	2,34,62,84,378
Manufacturing Expenses	‘N’	14,20,34,819	15,51,25,295
Personnel Expenses	‘O’	5,28,14,460	4,05,39,304
Admn. & Other Expenses	‘P’	2,86,20,753	2,17,82,714
Financial Expenses	‘Q’	6,67,40,438	6,33,36,319
Selling & Distribution Expenses	‘R’	11,44,22,711	8,75,44,373
Depreciation		4,32,82,756	3,39,13,043
	TOTAL	3,21,18,30,068	2,74,85,25,426
PROFIT BEFORE TAX		15,69,52,657	8,96,20,585
Less : Provision for Taxation			
- Current Tax		3,60,00,000	2,17,00,000
- Deferred Tax		1,21,08,790	99,85,103
PROFIT AFTER TAX		10,88,43,867	5,79,35,482
Balance B/F from previous year		42,20,07,885	37,57,78,897
Profit available for appropriation		53,08,51,752	43,37,14,379
APPROPRIATIONS			
Provision for Proposed Dividend		78,95,200	78,95,200
Tax on proposed dividend		12,80,799	13,11,294
Transferred to General Reserve		25,00,000	25,00,000
Balance carried to Balance Sheet		51,91,75,753	42,20,07,885
	TOTAL	53,08,51,752	43,37,14,379
Basic & diluted Earning per Share (Refer to note no. 3 to Note on Accounts)		13.79	7.34

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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

FRN- 000203N

Sd/-

(R. K. Gupta)

Partner

M.No. 017039

Place : Ludhiana

Dated : 03.09.2011

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Vikram Jain)
Director



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
ANNEXURE - 'A'		
SHARE CAPITAL		
Authorised		
80,00,000 Equity Shares of Rs. 10/- each	8,00,00,000	8,00,00,000
Issued and Subscribed		
80,00,000 Equity Shares of Rs. 10/- each	8,00,00,000	8,00,00,000
Paid up		
78,95,200 Equity Shares of Rs. 10/- each	7,89,52,000	7,89,52,000
Add: Shares Forfeited	5,24,000	5,24,000
TOTAL	7,94,76,000	7,94,76,000
Note: 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.		
ANNEXURE - 'B'		
RESERVES & SURPLUS		
Share Premium		
	1,97,38,000	1,97,38,000
General Reserve		
As per last Balance Sheet	4,64,83,707	4,39,83,707
Addition during the year	25,00,000	25,00,000
Sub Total	4,89,83,707	4,64,83,707
Addition on account of purchase of shares in subsidiary	11,52,168	-
Surplus in P & L A/c	51,91,75,753	42,20,07,885
TOTAL	58,90,49,628	48,82,29,592
ANNEXURE - 'C'		
SECURED LOANS		
Working Capital Borrowings		
- From Banks	50,60,53,625	47,63,46,537
Term Loans		
- Industrial Development Bank of India	7,67,88,544	1,25,00,000
- State Bank of India	22,50,17,178	17,50,71,588
- Allahabad Bank	3,73,26,231	-
-Oriental Bank of Commerce	5,13,10,010	-
TOTAL	89,64,95,588	66,39,18,125



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
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NOTES :

- Working capital borrowings of Parent Company from State Bank of India are secured by hypothecation of entire present and future tangible current assets of the GP/GC Unit of the Company and personally guaranteed by three of the directors. The said borrowings are also secured by way of second charge on block assets of the GP/GC Unit of the Company.
- Working capital borrowings of Parent Company from Punjab National Bank are secured by hypothecation of entire present and future current assets of the Steel Unit of the Company & personally guaranteed by three of the directors. The said borrowings are also secured by way of first charge on block assets of the steel unit of the Company.
- Term Loans from IDBI and SBI of Parent Company 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.
- Terms loan from Allahabad Bank of Parent Company is secured by tangible fixed assets of the CR unit at Rajpura and also guaranteed by three of the directors.
- Term Loans from IDBI and Oriental Bank of Commerce by subsidiary Company are secured by way of equitable mortgage created by deposit of lease hold rights in respect of immovable properties of unit at Rajpura 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 working capital lender Banks on current assets of the Company.

ANNEXURE - 'D'

UNSECURED LOANS

From Shareholders, Directors and their relatives	2,15,85,949	1,95,04,867
TOTAL	2,15,85,949	1,95,04,867

ANNEXURE - 'E'

FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 1.4.2010	Additions	Sales/ Adjust- ments	As At 31.3.2011	As At 01.04.2010	For the Year	Adjust- ment/ Written Back	As At 31.3.2011	As At 31.3.2011	As At 31.3.2010
Land	82,84,282	7,07,000	-	89,91,282	-	-	-	89,91,282	82,84,282	
Building	9,44,46,239	3,85,49,842	-	13,29,96,081	1,80,44,200	34,44,380	-	2,14,88,580	11,15,07,501	7,64,02,039
Furniture & Fixture	2,947,767	10,74,610	-	40,22,377	11,22,059	1,95,046	-	13,17,105	27,05,272	18,25,498
Plant and Machinery	58,14,07,449	16,09,59,991	32,41,984	73,91,25,456	17,92,03,462	3,66,88,650	1,92,619	21,56,99,493	52,34,25,963	40,22,02,706
Vehicles	3,23,33,191	29,78,490	9,48,316	3,43,63,365	86,10,328	29,54,680	6,15,974	1,09,49,034	2,34,14,331	2,37,21,357
Total	71,94,18,928	20,42,69,933	41,90,300	91,94,98,561	20,69,80,049	4,32,82,756	8,08,593	24,94,54,212	67,00,44,349	51,24,35,882
Previous Year	62,68,29,450	9,39,16,086	13,85,213	71,93,60,323	17,37,61,015	3,39,13,043	7,49,617	20,69,24,441	51,24,35,882	45,30,68,435



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
ANNEXURE - 'F'		
INVESTMENTS		
QUOTED		
2,95,000 Equity Shares of Rs. 10/- each fully paid up of Vallabh Steels Ltd.	29,50,000	29,50,000
20,000 Equity Shares of Rs. 10/- each fully paid up of Associated Leasing Ltd.	2,00,000	2,00,000
UNQUOTED		
44,00,000 (Previous year 42,50,000) Equity Shares of Rs. 10/- each fully paid up of Vallabh Textiles Co. Ltd.	4,40,00,000	4,25,00,000
NON-TRADE QUOTED		
40,000 units of Rs 10/- each of SBI Infrastructure Fund	4,00,000	4,00,000
72,000 equity shares of Rs 5/- each fully paid up of DMC Educational Ltd. (Previous Year 72,000 equity shares of Rs 5/- each fully paid up of DMC International Ltd.)	2,88,000	2,88,000
TOTAL	<u>4,78,38,000</u>	<u>4,63,38,000</u>
Note :		
Market Value of Quoted Investments	78,07,120	90,30,950
Aggregate Value of quoted Investments	38,38,000	38,38,000
Aggregate Value of Unquoted Investments	4,40,00,000	4,25,00,000
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
ANNEXURE - 'G'		
INVENTORIES		
(As taken, valued and certified by the Management)		
Stores & Spares	63,07,530	60,82,945
Raw Materials	18,18,31,756	13,28,64,938
Material-in-transit	10,84,518	2,91,25,183
Material-in-process	3,63,38,101	2,68,36,992
Finished Goods	18,61,89,625	16,12,25,498
TOTAL	<u>41,17,51,530</u>	<u>35,61,35,556</u>

- 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.



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

PARTICULARS	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
ANNEXURE - 'H'		
SUNDRY DEBTORS (Unsecured considered good)		
More than six months old	47,28,392	45,05,618
Others	51,79,72,454	44,48,40,574
TOTAL	<u>52,27,00,846</u>	<u>44,93,46,192</u>
ANNEXURE - 'I'		
CASH & BANK BALANCES		
a) Cash in Hand	8,41,284	582,252
b) With Scheduled Banks in Current Accounts	1,76,32,773	662,061
Fixed Deposit Accounts	3,96,47,331	2,13,09,197
TOTAL	<u>5,81,21,388</u>	<u>2,25,53,510</u>
ANNEXURE - 'J'		
LOANS & ADVANCES (Unsecured considered good)		
Advances recoverable in cash or in kind or value to be received	13,25,43,401	12,46,18,905
Prepaid expenses	40,17,325	1,16,10,708
Securities Deposits	93,71,327	68,73,114
Balance with Central Excise Authorities	38,871	35,072
Income Tax	35,24,746	1,95,87,498
TOTAL	<u>14,94,95,670</u>	<u>16,27,25,297</u>
CURRENT LIABILITIES & PROVISIONS		
ANNEXURE - 'K'		
CURRENT LIABILITIES		
Sundry Creditors	23,28,80,336	15,13,94,291
Other Liabilities	2,47,74,420	2,75,74,681
Advance from customers	2,31,42,140	2,46,75,704
TOTAL	<u>28,07,96,896</u>	<u>20,36,44,677</u>
ANNEXURE - 'L'		
PROVISIONS		
Dividend	78,95,200	78,95,200
Tax on proposed dividend	12,80,799	13,11,294
TOTAL	<u>91,75,999</u>	<u>92,06,494</u>



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.03.2011 Rs.	FOR THE YEAR ENDED 31.03.2010 Rs.
ANNEXURE - 'M'		
COST OF MATERIAL CONSUMED		
Opening Stock		
Raw Material	13,28,64,938	11,17,87,078
Work in process	2,68,36,992	1,08,74,310
Finished goods	16,12,25,498	11,57,19,605
	32,09,27,428	23,83,80,993
Add : Purchases	2,84,73,46,185	2,42,88,30,813
	3,16,82,73,613	2,66,72,11,806
Less : Closing Stock		
Raw Material	18,18,31,756	13,28,64,938
Work in process	3,63,38,101	2,68,36,992
Finished goods	18,61,89,625	16,12,25,498
	40,43,59,482	32,09,27,428
Net Consumption	2,76,39,14,131	2,34,62,84,378
ANNEXURE - 'N'		
MANUFACTURING EXPENSES		
Stores & Spares consumed	1,62,11,678	2,19,97,455
Power & Fuel	10,21,16,662	10,53,90,002
Repair & Maintenance	54,13,816	80,81,882
Other Manufacturing Expenses	1,82,92,663	1,96,55,956
TOTAL	14,20,34,819	15,51,25,295
ANNEXURE - 'O'		
PERSONNEL EXPENSES		
Salaries, Wages, Bonus and Other Benefits	4,82,53,475	3,62,42,052
Contribution towards Prov.Fund & Other Funds	23,91,900	16,64,563
Welfare Expenses	17,24,392	17,69,221
Gratuity	4,44,693	8,63,468
TOTAL	5,28,14,460	4,05,39,304



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

PARTICULARS	FOR THE YEAR ENDED 31.03.2011 Rs.	FOR THE YEAR ENDED 31.03.2010 Rs.
ANNEXURE - 'P'		
ADMINISTRATIVE & OTHER EXPENSES		
Rent, Rates and Taxes	33,49,107	24,44,793
Insurance	3,45,735	1,41,636
Legal & Professional charges	20,59,872	15,41,881
Directors' Remuneration	48,00,000	36,00,000
Vehicles Running & Maintenance	43,58,680	36,40,659
Travelling and Conveyance	65,11,418	56,02,743
Payments to Auditors		
- Statutory Audit Fee	40,000	40,000
- Tax Audit Fee	15,000	15,000
- Reimbursement of expenses	25,183	28,663
Postage, Telegram and Telephone	18,84,976	13,35,217
Printing & Stationery	11,48,083	7,78,209
Repairs & Maintenance		
- Building	4,81,261	5,15,847
- General	4,78,038	2,42,258
Charity & Donation	65,300	53,450
Loss on sale of fixed assets	11,52,291	2,12,905
Other Miscellaneous Expenses	19,05,809	15,89,453
TOTAL	2,86,20,753	2,17,82,714
ANNEXURE - 'Q'		
FINANCIAL EXPENSES		
Interest		
-On Term Loan	1,78,06,093	2,08,08,621
-On Working Capital	4,73,23,902	3,70,20,358
-To Others	-	10,968
Bank Charges and commission	16,10,443	54,96,372
TOTAL	6,67,40,438	6,33,36,319
ANNEXURE - 'R'		
SELLING AND DISTRIBUTION EXPENSES		
Packing & Forwarding Charges	1,87,09,495	1,53,95,092
Rebate and Discount	96,74,100	78,72,313
Advertisement	4,26,233	2,11,747
Brokerage & Commission	26,96,919	14,94,097
Other selling expenses	28,04,203	15,96,166
Export Expenses	8,01,11,761	6,09,74,958
TOTAL	11,44,22,711	8,75,44,373



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

ANNEXURE - 'S'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES :

i Accounting Convention

The accounts of Vardhman Industries Limited (The parent company) and its subsidiary Vallabh Tinplate Private Limited have been consolidated in accordance with generally accepted Accounting principles and in conformity with the Accounting Standard on Consolidated Financial Statements (AS-21) notified in the Companies (Accounting Standards) Rules, 2006.

ii. Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost comprises purchase price/construction cost and any directly attributable cost of bringing the asset to its working condition for its intended use. The borrowing costs in respect of qualifying assets incurred till the asset is ready for its intended use are capitalized.

iii. Depreciation

Depreciation on fixed assets in the GP/GC unit is charged on the straight line method. The depreciation on fixed assets in other units is charged on the written down value method. Depreciation is charged at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

iv. Impairment of Assets

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired in terms of Accounting Standard 28 issued by Institute of Chartered Accountants of India (ICAI). If such an 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 and charged to the Profit & Loss Account. The impairment loss recognized in prior accounting periods is reversed if there is a change in the estimate of recoverable amount of an asset.

v. Revenue Recognition

- a) Revenue from sale of goods is recognized at the point of passing of title of the goods to the customer which generally coincides with delivery.
- b) Sale value is inclusive of excise duty paid at the time of clearance of goods but exclusive of sales tax.
- c) Export sales are accounted for on the basis of the "Let Export" date.
- d) Revenue in respect of export incentives is recognized when such incentives accrue upon export of goods.

vi. Inventories

Inventories are valued at cost or net realizable value, whichever is lower after providing obsolescence, if any. The cost in respect of various items of inventory is determined as under:

- a) In case of raw materials, stores and spares, at weighted average cost;
- b) In case of work in process, at the raw material cost plus conversion cost depending upon the stage of completion of goods;
- c) In case of finished goods at the raw material cost, conversion cost and other overheads incurred to bring the goods to their present location and condition.

vii. Investments

Long-term investments are carried at cost less provisions, if any, for permanent diminution in value. Current investments are carried at lower of cost or fair value.



viii. Foreign Exchange Transactions

Transactions in foreign currency are recorded at the exchange rates prevalent at the time of transaction. Foreign Currency assets and liabilities are stated at the exchange rates prevailing at the date of Balance Sheet or at forward contract rates, wherever so covered. Realized 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 rates in the case of fixed assets is adjusted to the cost of fixed assets.

ix. Accounting for taxes on Income:

Provision for current tax is made on the basis of aggregate amount of income tax actually payable for the year on the estimated taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from the timing differences between book profit and tax profit is accounted for at the enacted rate of tax to the extent that the timing differences are expected to reverse in future. Deferred Tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized only to the extent there is a virtual certainty that future taxable income will be available to realize these assets.

x. Employee benefits:

1. Short-term employee benefits:

Short-term employee benefits are recognized as an expense in the Profit & Loss account in the year in which the related services are rendered by the employees.

2. Retirement benefits:

Defined contribution plans:

Contributions to the employees' provident fund are made in accordance with the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Such contributions are charged to the Profit & Loss account of the year in which the related services are rendered by the employees.

Defined benefit plans:

Gratuity:

Liability in respect of gratuity is accounted for on the basis of an actuarial valuation. The present value of defined benefit obligation as at the end of the year is determined using the Projected Unit Credit method i.e. each period of service rendered by the employee is considered to give rise to an additional unit of benefit entitlement, gradually building up the final obligation.

xi. Contingent Liabilities

No provision is made for liabilities that are contingent in nature, unless it is probable that future events will confirm that an asset has been impaired or a liability incurred as at the balance sheet date and a reasonable estimate of the resulting loss can be made. However, all known, material contingent liabilities are disclosed by way of separate notes.



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

II) NOTES ON ACCOUNTS:

1. Contingent Liabilities not provided for:

- Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 1643.75 lacs (Previous year Rs. 1075.12 lacs).
 - Letter of Credits in favour of suppliers and others Rs. 2761 lacs (Previous year Rs. 897.25 lacs).
 - Bank Guarantees in favour of suppliers and others Rs. 16.10 lacs (Previous Year Rs. 1.90 lacs).
 - Corporate Guarantee on given on behalf of others Rs. 150 lacs (Previous Year Rs. 350 lacs).
 - Derivative transactions: Rs. Nil (Previous Year Rs. 400 lacs).
2. In response to the letters sent to the suppliers seeking to know the status of their coverage under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act) the Company has received replies from some of the suppliers. Based on these replies, there is no information to be disclosed under the provisions of the said Act.

3. Earnings Per Share (EPS)

	Current Year (Rs.)	Previous Year (Rs.)
Profit/(Loss) after Tax (Rs.)	10,88,43,867	5,79,35,482
Weighted average no. of ordinary shares	78,95,200	78,95,200
Weighted average no. of diluted shares	78,95,200	78,95,200
Nominal value of ordinary share (Rs.)	10.00	10.00
Basic Earning Per Share (Rs.)	13.79	7.34
Diluted Earning Per Share (Rs.)	13.79	7.34

4. The balances of sundry debtors and sundry creditors are subject to confirmation.
5. In the opinion of the Board of Directors, the Current Assets and Loans and Advances have a value on realization in the ordinary course of business at least equal to the value at which they are stated in the foregoing Balance Sheet, unless stated otherwise.

6. REMUNERATION PAID / PAYABLE TO THE MANAGING/WHOLE-TIME DIRECTOR

	Current Year (Rs.)	Previous Year (Rs.)
a) Salary	48,00,000	36,00,000
b) Other Benefits (Rs.)	2,40,447	3,36,010
TOTAL	50,40,447	39,36,010

Computation of net profit in accordance with section 198 of the Companies Act, 1956:-

	Current Year (Rs.)	Previous Year (Rs.)
Net profit before taxation	15,69,52,657	8,96,20,585
Add: Managerial Remuneration	50,40,447	39,36,010
Add: Loss on sale of Fixed Assets	11,52,291	2,12,905
Net Profit under Section 349 of the Companies Act, 1956	16,31,45,395	9,37,69,500
Maximum Permissible i.e 10 % of profits	1,63,14,539	93,76,950

7. The company operates in only one segment: Iron & Steel.
8. The Income Tax and Sales Tax assessment of the parent company has been completed till accounting year 2005-2006 & 2008-2009 respectively.
9. The parent Company has given guarantee to State Bank of India for term loan and working capital facilities of Rs. 1.50 Crore given to Vallabh Steels Limited.



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

10. Interest paid on working capital is net of interest received.
11. 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.
12. The parent company has taken plant and machinery on operating lease. Lease Rent amounting to Rs. 50,00,000/- (previous year Rs. 1,20,00,000/-) has been debited to Profit & Loss account. The lease agreement was terminated with effect from 25.08.2010.

13. Reconciliation of opening and closing balance of gratuity provision:

	Current Year (Rs.)	Previous Year (Rs.)
Liability at the beginning of the year	20,30,280	14,84,446
Liability provided during the year	3,15,150	5,45,834
Liability at the end of the year	23,45,430	20,30,280
Expenses Recognised in Profit & Loss Account		
Amount paid/provided during the year and included in Profit and Loss Account	4,44,693	8,63,468

14. Deferred Tax Liability / Asset (net) pursuant to Accounting Standard 22 "Accounting for taxes on Income":

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Deferred tax liability		
Relating to fixed assets	9,07,78,770	7,80,49,664
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act, 1961	12,39,627	6,19,311
Deferred Tax Liability/(Asset)(net)	8,95,39,143	7,74,30,353

15. Figures have been rounded off to the nearest Rupee and Metric Ton in case of amount and quantity respectively.
16. Previous year figures relate to Parent Company only since Vallabh Tinplate Private Limited became subsidiary of Vardhman Industries Limited during the year.
17. Previous year's figures have been regrouped / rearranged wherever considered necessary in order to make them look comparable with the current year's figures.
18. Annexures 'A' to 'S' form an integral part of the Balance Sheet and Profit & Loss Account.



CONSOLIDATED RESULTS OF VARDHMAN INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	(Rs. in Lacs)	
	Current Year 2010-11	Previous Year 2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	1569.53	896.21
Adjustment for		
Depreciation	432.83	339.13
Loss on sale of fixed assets	11.52	2.13
Interest expense	667.40	633.36
Profit on sale of fixed assets	(0.75)	-
Operating Profit before working capital changes	2680.53	1870.83
Adjustment for,		
Trade & other receivable	(815.79)	(246.47)
Inventories	(550.79)	(979.41)
Trade Payables	716.02	369.83
Cash Generated from operations	2029.97	1014.78
Direct Taxes Paid	(202.49)	(217.00)
Net cash from operating activities	1827.47	797.78
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(3375.33)	(917.15)
Sale of Fixed Assets	23.08	4.22
Net cash used in Investing Activities	(3352.26)	(912.93)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest paid	(667.40)	(633.36)
Dividend paid	(78.95)	-
Corporate dividend tax	(13.11)	-
Proceeds from share capital	188.50	-
Term loans raised during the year	2155.06	9.20
Working Capital Borrowings	297.07	678.12
Repayment of unsecured loans	(0.94)	58.78
Net cash used in financing activities	1880.23	112.74
NET CHANGE IN CASH & CASH EQUIVALENTS (A+B+C)	355.45	(2.41)
Cash & Cash Equivalents at the beginning of the year	225.76	227.95
Cash & Cash Equivalents at the end of the year	581.21	225.54

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

For and on behalf of the Board

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

Sd/-
(Kapil Kumar Jain)
 Chairman

Sd/-
(Rahul Jain)
 Managing Director

Sd/-
(Vikram Jain)
 Director

Place : Ludhiana
 Dated : 03.09.2011



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 27th Annual General Meeting held on Friday the 30th September, 2011 at 1.30 P. M. at M4ii, A-40, Mahendru Enclave, Main G. T. Karnal Road, Mehfil Complex, Delhi - 110 033.

DP. ID*	
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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 27th Annual General Meeting of the Company to be held on Friday, the 30th September, 2011 at 1.30 P.M. and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2011.

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