



VARDHMAN INDUSTRIES LIMITED

(Govt. of India Recognised Two Star Export House)
Administrative Office : G. T. Road, Sahnewal, Ludhiana - 141 120 (INDIA)
Phones : +91-161-2511412, 2511413, Fax : +91-161-2511414
E-mail : vardhman@vallabhgroup.com
CIN: L74899DL1984PLC019492

FORM A

(Pursuant to Clause 31 (a) of the Listing Agreement)

1.	Name of the Company	Vardhman Industries Limited
2.	Annual financial statements for the year ended	31st March, 2014
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	N.A

For Raj Gupta & Co.
Chartered Accountants
(FRN 000203N)



(R.K. Gupta)
Partner
M.No. 017039

For Vardhman Industries Limited

(Rahul Jain)
Managing Director

(Suresh Gupta)
Chairman of the Audit Committee

(Rajesh Sharma)
Chief Financial Officer

Date: 30.05.2014
Place: Ludhiana

ISO 9001



DNV
Registered Firm

Registered Office : 2nd Floor, Jeevan Deep Building, Parliament Street, New Delhi - 110 001. (INDIA)
Phones : +91-11-23742401-02, Fax : +91-11-23742403
www.vallabhgroup.com



30th Annual Report
2013-2014

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. Surinder Kumar Vig	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

REGISTERED OFFICE

2nd Floor, Jeevan Deep Building,
Parliament Street,
New Delhi-110 001.
(CIN : L74899DL1984PLC019492)
E-mail ID: cs.vil@vallabhgroup.com

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 Beopror,
Tehsil Rajpura, Distt. Patiala (Punjab)
- (iii) G.T. Road, Nandpur, Sahnewal,
Ludhiana - 141 120 (Punjab)

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VARDHMAN INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members,
Vardhman Industries Limited

We have pleasure in presenting the 30th Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31st March, 2014:

FINANCIAL RESULTS

	(₹ in Lacs)	
	CURRENT YEAR	PREVIOUS YEAR
Revenue from operations and other operating income	40027.28	38307.67
Profit before Interest, Depreciation and Tax	2205.08	1828.20
Less: Finance Cost	847.95	800.19
Cash Profit before Tax	1357.13	1028.01
Provision for Depreciation	663.20	671.54
Taxes : Current Tax	140.00	-
Deferred Tax	20.75	125.04
Profit after Tax	533.18	231.43
Add:		
Balance b/f from Previous Year	6032.08	5825.65
Profit available for appropriations	6565.26	6057.08
Appropriations		
Proposed Dividend	78.95	-
Tax on dividend	13.42	-
Transferred to General Reserve	25.00	25.00
Surplus Carried to Balance Sheet	6447.89	6032.08
	6565.26	6057.08

OPERATIONS

During the year under report, your Company has registered a higher gross revenue and operating income of Rs. 40027.28 lacs as compared to Rs. 38307.67 lacs in the previous year. Your Company has recorded a jump of about 20 % in profit before interest, depreciation and tax which has risen from Rs. 1828.20 lacs in previous year to Rs. 2205.08 lacs. Accordingly the company has recorded a sharp jump of about 130 % in profit after tax which has risen from Rs. 231.43 lacs in previous year to Rs. 533.18 lacs on account of better sales realisations.

EXPORTS

The Board hereby inform you that due to continued slow down in the industry in general and in Iron and Steel Industry in particular and despite all efforts made by the management for exports of its products, the company's exports have declined from Rs. 6210.73 lacs to Rs. 4435.64 lacs because of stiff competition from chinese products. The company has continued to exports its production in various countries such as Burkina, Somalia, Mozambique, Turkmenistan and Angola.

DIVIDEND

Keeping in view the performance and profitability of the Company, your Directors are pleased to recommend dividend of 10 % (Re.1.00 per equity share of Rs.10/- each) for the year ended 31.03.2014.

LISTING OF SHARES

The Equity Shares of the Company are listed at BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The company has duly paid the listing fee to BSE Limited, Mumbai upto the Financial Year 2014-15.

FIXED DEPOSITS

During the year, your Company has not accepted any fixed deposits within the meaning of Section 73 of the Companies Act, 2013 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.

Further reappointment of Mr. Suresh Gupta, Mr. Ashwani Kumar, Mr. Ashok Kumar Jain and Mr. Surinder Kumar Vig as independent directors as per Sections 149, 150 & 152 of the Companies Act, 2013 for a period of 5 years upto the conclusion of the 35th Annual General Meeting of the Company in the calendar year 2019 for each director is proposed to be made.

CORPORATE GOVERNANCE

Your company has been practicing the principle of good Corporate Governance over the years. The Board of



VARDHMAN INDUSTRIES LIMITED

Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues as dictated by compliance of statutory requirements, the Board lays strong emphasis on transparency, accountability and integrity. Corporate Governance Report and Management Discussion and Analysis along with Certificate of the Auditors of your company pursuant to clause 49 of the Listing Agreement with the Stock Exchange(s) has been annexed to the report as Annexure-I.

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 Section 139(1) of the Companies Act, 2013.

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. Surinder Kumar 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 four times during the year under review.

COST AUDITORS

The Board of Directors has appointed M/s. Meenu & Associates, Cost Accountants, Ludhiana as the Cost Auditors of the Company under Section 148 of the Companies Act, 2013 for which application to the Central Government has already been made seeking approval for appointment of Cost Auditors to conduct audit in respect of all the Units of the Company for the financial year 2014-15.

The Cost Audit Report for the financial year 2013-14 will be filed with the Central Government as per provisions of the Companies Act, 1956.

SECRETARIAL AUDITORS

M/s RCS & Company has been appointed as Secretarial Auditors of the Company. The appointment of the Secretarial Auditors is to be approved by the members at the ensuing Annual General Meeting to verify the Secretarial records and to provide Secretarial Audit Report for the financial year 2014-15. The Board recommends to appoint M/s RCS & Company, the Secretarial Auditors and to fix their remuneration.

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 the 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 as amended :

None of the employees of the Company is receipt of remuneration in excess of Rs.60.00 lacs per annum or Rs.5.00 lacs per month during the year under review and as such the information under this head is NIL.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors' 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.

CORPORATE SOCIAL OBJECTIVES

Corporate Social Responsibility(CSR) activities of Vardhman Industries Limited reflect its philosophy of enhancing value to the society and the environment around us.

Our Philosophy works with objectives of contributing to the sustainable development of the society and to create a greener and cleaner environmental around us.

The CSR activities done by the Company are identified after conducting a proper market research to identify the social and environment needs which are need of the hour.

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, Government Authorities and 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 : 14.08.2014**

**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 Coated Flat products i.e. Galvanised Sheets (Plain & Corrugated) & Color Coated Sheets and also Steel Ingots which fall within the single segment of "Iron & Steel Industry."

In the last financial year despite pressure on steel market, the prices of steel input products remained high due to weakened rupee, which impacted the overall higher raw material prices. Your management is seized of the matter and making all out efforts to improve the performance of the Company by optimum utilisation of resources.

(b) Company's Performance:

The Gross turnover of the Company during the year 2013-14 was Rs. 40027.28 lacs as against Rs. 38307.67 lacs in the previous year. The net profit after tax has increased to Rs. 533.18 lacs as compared to Rs. 231.43 lacs in the previous year.

(c) Dividend:

The Directors are pleased to recommend dividend of 10 % (Re.1.00 per equity share of Rs.10/- each) for the year ended 31.03.2014.

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

The downtrend in the Indian Economy is expected to stabilize and revert to a modest growth of 5.5% to 6%, the growth mainly driven by the revival of the developed economies. Due to the expected political stability and revival of increased investments, the industrial segment is set to grow. There is a time lag of about a year for the Iron & Steel industry to follow suit.

Though the Iron & Steel industry as a whole continues to witness erratic trends; the diversified product mix and cost control measures are expected to maintain the turnover and profitability of the Company in current year. The growth of steel industry will also depend upon new Government's spending in various sectors of the economy such as infrastructure and construction etc.

Your directors perceive following factors which may pose threat, risk & concern for the Iron & Steel Industry in general and your company in particular:

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. It is expected that better trends will emerge 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 notwithstanding minor declines. As such current conditions may pave way for improved performance in future.
2. Well established customers base for different products for the last over 29 years.
3. Your company's recently adopted strategy of taking its products to new markets in India and abroad has been a great success. Encouraging feedback from overseas customers gives optimism of momentum for its growth.
4. Your Company is fully poised to reap the benefits of economies of scale and it will be in a better position to negotiate raw material prices on long term bulk lifting basis & definite savings on overheads will bring down the cost per unit of production and lead to higher profitability.
5. Your Company has strategic advantage, as its units are located in the industry friendly area having all infrastructural facilities.

(e) Internal Control systems and their adequacy :

Your company has adequate internal control systems commensurate with its size and nature of business to ensure efficient utilisation and protection of assets, compliance with statutes and proper recording of all transactions. In addition, the company has engaged M/s Gupta Sanjeev & Co., Chartered Accountants as external independent agency to conduct internal audit of the affairs of your company who submit periodical reports for the management to take corrective action required, if any.

The company has also an Audit Committee constituted pursuant to the provisions of Listing Agreement 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 this Directors' Report & Management Discussion and Analysis describing Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of



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applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factor that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

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 2013-14, seventeen board meetings were held on 27.04.2013, 13.05.2013, 06.06.2013, 01.07.2013, 23.07.2013, 14.08.2013, 03.09.2013, 21.10.2013, 04.11.2013, 21.11.2013, 30.01.2014, 20.02.2014, 21.02.2014, 25.02.2014, 08.03.2014, 17.03.2014 and 24.03.2014.

(b) Composition:

The Board presently comprises of seven directors of which four 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	16	Yes	3	1	--	2
2	Mr. Rahul Jain	Managing Director	Promoter	15	No	--	4	--	--
3	Mr. Vikram Jain	Director	Promoter	17	No	--	3	--	--
4	Mr. Suresh Gupta	Director	Independent	17	Yes	--	2	2	1
5	Mr. Ashwani Kumar	Director	Independent	06	No	--	7	3	4
6	Mr. Surinder Kumar Vig	Director	Independent	09	Yes	--	5	1	2
7	Mr. Ashok Kumar Jain	Director	Independent	13	Yes	--	3	--	1

(c) Information of Directors being re-appointed

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

- Mr. Vikram Jain, aged about 38 years (date of birth 01.07.1976) 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.
- Mr. Ashwani Kumar, aged about 59 years (date of birth 14.07.1955) 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 and SEL Textiles Limited.
- Mr. Suresh Gupta aged about 49 years (date of birth 16.10.1965) is a Chartered Accountant by profession and is the member of the Institute of Chartered Accountants of India. He has an experience of over 25 years in profession. He is also a Director on the Boards of Vallabh Textiles Company Limited and Checkmate Vallabh Geosynthetics Private Limited.
- Mr. Ashok Kumar Jain aged about 63 years (date of birth 28.10.1951) is a law graduate and practicing as an Advocate. He has an experience of over 37 years in profession. He is also a director on the Board of M/s



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Kuber Udyog Limited, M/s Oswal Knitting and Spinning Industries Limited and M/s Bulwark Securities Private Limited.

5. Mr. Surinder Kumar Vig aged about 64 years (date of birth 07.06.1950) is a law graduate and has been practicing as a Sales Tax Advocate at Ludhiana for the last about 41 years. He is also a director on the Board of M/s Malwa Cotton Spinning Mills Limited, M/s Oswal Knitting and Spinning Industries Limited, M/s Shri Vijay Vallabh Holdings Limited and M/s Oswal Knit India 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 terms of reference of the Audit Committee include the following:

- a) Reviewing the Company's financial policies and results.
- b) Overseeing the Company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- c) Reviewing the adequacy of internal audit function and discussing the finding of internal Auditors.
- d) Management Discussions and analysis of financial condition & result of operations.
- e) Review of related party transactions.
- f) Interaction with statutory Auditors.

The Audit Committee of the company is comprised of Mr. Suresh Gupta, Mr. Ashwani Kumar, Mr. Surinder Kumar Vig and Mr. Ashok Kumar Jain with Mr. Suresh Gupta as its chairman. All these members are non-executive independent directors of the Company.

The Statutory Auditors i.e. Raj Gupta & Co., Chartered Accountants and Gupta Sanjeev & Co., Chartered Accountants, 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 read with Section 292A of the Companies Act, 1956.

The Audit Committee met four (4) times on 06.06.2013, 14.08.2013, 21.11.2013 and 21.02.2014. 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. Surinder Kumar 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 2013-2014.

(4) DIRECTORS' REMUNERATION:

The company pays remuneration to the Managing Director as approved by the members of the company in the general body meeting. The details of remuneration paid to him during the year 2013-14 is given below:

(Amount in ₹)

NAME	DESIGNATION	SALARY	PERKS	TOTAL
Mr. Rahul Jain	Mg. Director	30,00,000/-	1,83,797/-	31,83,797/-

The above appointment is on contractual basis.

Non-executive independent directors have not been paid any remuneration during 2013-14.

(5) SHAREHOLDERS GRIEVANCE COMMITTEE:

The company has Shareholders Grievance Committee under the chairmanship of Mr. Surinder Kumar 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 as well as for transfer etc. of shares. During the year 2013-14 the committee met 17 times.

During the year 2013-14, 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 with, within a period of about 15 days. There was no pendency in respect of shares received for transfers/dematization.

(6) COMPLIANCE WITH CAPITAL MARKET REGULATORS

- 1) The Company has complied with the requirements of Regulatory Authorities on capital markets including the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended and currently the company is placed under group "B" by BSE.
- 2) As per circular No. SEBI/CFD/DIL/CG/1/2008/08/04 dated April 08, 2008 issued by SEBI and amended clause 49 of listing agreement company make following disclosure:

Mr. Kapil Kumar Jain and Mr. Vikram Jain, the non-executive directors of the company are father and brother of Mr. Rahul Jain, Managing Director of the Company. Mr. Kapil Kumar Jain is the father of Mr. Vikram Jain.

(7) STATUS OF COMPLIANCE WITH MANDATORY REQUIREMENTS

- 1) The Company has Complied with mandatory requirements of clause 49 of the Listing Agreement with the Stock Exchange and applicable and in force till on March 31, 2014.
- 2) Through out the year management of the Company wasn't denied to any person to access the audit committee with regard to any governance issue, though the Company has not formed whistle blower policy in place.



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(8) (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 PASSED
29th AGM	Monday, 30.09.2013, 1.30 PM	AF 1 & 2, First Floor, 2, Jaisav Place, 5006, Hamdard Marg, Hauz Qazi, Delhi	Nil
28th AGM	Friday, 28.09.2012, 1.30 PM	M4ii, Mahendru Enclave, Main G.T. Karnal Road, Mehfil Complex, Delhi	Nil
27th AGM	Friday, 30.09.2011, 1.30 PM	M4ii, Mahendru Enclave, Main G.T. Karnal Road, Mehfil Complex, Delhi	1

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

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

(c) **RESOLUTION PASSED DURING THE FINANCIAL YEAR 2013-14 THROUGH POSTAL BALLOT:**

No resolution was passed by postal ballot during the financial year 2013-14.

(9) **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.

(10) **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 and there are no warrants or convertible instruments pending as on 31.03.2014.

(11) **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 and 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.

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

(i) **30th Annual General Meeting:**

Date and Time : Tuesday, the 30th September, 2014 - 1.30 PM.

Venue : AF 1&2, First Floor, 2-Jaisav Place,
5006, Hamdard Marg, Hauz Qazi,
Delhi-110 006

(ii) **Financial Calender 2014-15**

First Quarter Results : By middle of August, 2014

Second Quarter Results : By middle of November, 2014

Third Quarter Results : By middle of February, 2015

Fourth Quarter Results : By middle of May, 2015

Annual Results 2014-15 : In the month of May, 2015

(iii) **Date of Book Closure** : Wednesday, the 24th September, 2014 to
Tuesday, the 30th September, 2014 (both days inclusive).

(iv) **Dividend Payment Date** : On or before 29th October, 2014

(v) **Listing** : The company's shares are listed on the BSE 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 sensx during the financial year 2013-14 are given as follows:

Financial Year 2013-14	Closing Share prices of the Company at BSE		BSE Sensex	
	High (₹)	Low (₹)	Highest	Lowest
April, 2013	38.60	30.30	19622.68	18144.22
May, 2013	39.95	30.40	20443.62	19451.26
June, 2013	38.50	22.00	19860.19	18467.16
July, 2013	25.95	23.05	20351.06	19126.82
August, 2013	25.20	21.85	19569.20	17448.71
September, 2013	28.00	24.60	20739.69	18166.17
October, 2013	26.25	21.90	21205.44	19264.72
November, 2013	24.35	21.10	21321.53	20137.67
December, 2013	26.10	21.00	21483.74	20568.70
January, 2014	23.65	20.00	21409.66	20343.78
February, 2014	24.00	19.80	21140.51	19963.12
March, 2014	28.00	22.05	22467.21	20920.98

(viii) Dematerialisation of Shares, Registrar & Transfer Agents & 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 (RTA) being a Common Agency for Physical and Electronic modes.

The dematerialised shares are directly transferred to the beneficiaries through the depositories. 6932864 equity shares comprising of 87.81% of the total equity shares of the company are in dematerialised form as on 31.03.2014. Out of a total of 8458 shareholders 3171 shareholders representing 37.49% have got their shares dematerialised as on 31.03.2014.

The process of transfer/transmission/transposition etc. of equity shares in physical form including dispatch of the share certificates is completed by RTA within a period of 15 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 31.03.2014:

Shareholding	Shareholders		Shareholding	
	Number	% to Total	Number	% to Total
Up to 500	8080	95.53	1038253	13.15
501 to 1000	182	2.15	153596	1.94
1001 to 2000	62	0.73	97150	1.23
2001 to 3000	36	0.43	91270	1.16
3001 to 4000	19	0.22	69252	0.88
4001 to 5000	12	0.14	55645	0.71
5001 to 10000	26	0.31	191876	2.43
10001 and above	41	0.49	6198158	78.50
Total	8458	100.00	7895200	100.00

(x) Shareholding Pattern as on 31.03.2014 :

Category	Number of Shares	% to Total Shares
Promoters	4765000	60.35
Private Corporate Bodies	78986	1.00
Indian Public	3013715	38.17
NRIs	37499	0.48
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 : info@masserv.com

(xii) Investors Correspondence :

All queries of investors regarding the company's shares in physical form may be sent to the company at its Administrative 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.



VARDHMAN INDUSTRIES LIMITED

(xiii) Plant Locations of the company :

- a) G.T. Road, Village Pawa, Sahnewal, Ludhiana-141 120. b) G.T. Road, Village Nandpur, Sahnewal,
Phone No. : 0161-2511412, 2511413 Ludhiana-141 120.
c) G.T. Road, Village Beopror, Teh. Rajpura, Distt. Patiala (Punjab)
Phone No. : 01762-265700

(13) 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, 2014.

Place : Ludhiana
Date : 14.08.2014

By order of the Board of Directors
Sd/-
(KAPIL KUMAR JAIN) Sd/
Chairman (RAHUL JAIN)
Managing Director

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Rahul Jain, in my capacity as Managing Director and Rajesh Sharma, Chief Financial Officer, of Vardhman Industries Limited to the best of our knowledge and belief, certify that:

- We have reviewed the financial statements and Cash Flow statement for the year ended on 31.03.2014 and based on our knowledge and belief, we state that:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
- We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, wherever applicable:
 - That there were no deficiencies in the design or operation of internal controls which came to our notice;
 - That there were no significant changes in internal control over financial reporting during the year;
 - Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
 - That there were no instances of significant fraud of which we are aware that involve therein the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Ludhiana
Date : 14.08.2014

Sd/-
(RAHUL JAIN) Sd/
Managing Director (RAJESH SHARMA)
Chief Financial Officer

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, 2014, 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 : 14.08.2014

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 31.3.2014.

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	46,50,642	81,26,091
Total Amounts (₹)	3,23,77,683	5,20,75,149
Rate/Unit (₹)	6.96	6.41
II) G.P./G.C. Division		
Purchased Units	1,78,78,867	1,78,76,188
Total Amounts (₹)	12,64,12,545	11,95,02,319
Rate/Unit (₹)	7.07	6.69
b) Own Generation		
I) Through Diesel Generator		
Furnace Division		
Amount	-	-
Units	-	-
Unit per litre of diesel oil	-	-
Cost/Unit (Rs.)	-	-
G.P./G.C. Division		
Amount	10,57,611	20,20,810
Units	63,986	1,43,728
Unit per litre of diesel oil	3.00	3.00
Cost/Unit (₹)	16.53	14.06
II) Through steam/turbine/Generator Units		
Unit per litre of fuel/Gas/Oil	-	-
Cost/Unit (₹)	-	-
c) Coal (Steam)		
Quantity (Tonnes)	-	266.59
Total Cost (₹)	-	21,00,930
Average Rate (₹)	-	7,880
d) Furnace Oil		
Quantity (Ltrs.)	-	-
Total Cost (₹)	-	-
Average Rate (₹)	-	-
e) Other/Husk/Internal Generation		
Quantity (Kgs.)	46,88,455	24,58,535
Total Cost (₹)	2,08,46,424	1,14,39,805
Average Rate (₹)	4.45	4.65

Place : Ludhiana
Date : 14.08.2014

B. CONSUMPTION PER UNIT OF PRODUCTION

Products	UNIT	Current Year	Previous Year
a) Steel Ingots			
Electricity (₹)	MT	7,441	6,345
Diesel (₹)		-	-
b) G.P./G.C Sheets/Coils			
Electricity (₹)	MT	1,425	1,577
Coal & Fuel	MT		
i. Diesel (₹)		12	27
ii. Husk (₹)		235	151
iii. Coal (₹)		-	28
iv. Gas (₹)		2,345	1,523

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 Burkina, Somalia, Mozambique, Turkmenistan and Angola 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 (₹)	6,12,73,303	10,78,70,126
(CIF Value of Import & Expenditure in foreign currency)		
Earned (₹)	44,35,63,797	62,10,73,501
(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 :

- That in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- 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



INDEPENDENT AUDITORS' REPORT

To

**The Members of
VARDHMAN INDUSTRIES LIMITED,
Report on the Financial Statements**

We have audited the accompanying financial statements of Vardhman Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.
 - e) on the basis of written representations received from directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For RAJ GUPTA & CO.
Chartered Accountants
FRN- 000203N

Place : Ludhiana
Dated : 30.05.2014

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



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements."

- (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 disposed off a substantial part of its fixed assets during the year. However, it has no impact on the validity of the going concern assumption.
- (ii) (a) According to the 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.
- (iii) (a) The company has granted loans to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. According to the information and explanations given to us, the terms and conditions of the loans are not prima facie prejudicial to the interests of the company. The receipt of the principal amount and interest, wherever applicable, are regular.
- (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) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act 1956. We are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (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 outstanding as on 31st March 2014 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, we report that the company has not given guarantee for loans taken by others from banks.
- (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) 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

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

Place : Ludhiana
Dated : 30.05.2014



VARDHMAN INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

PARTICULARS	NOTE	AS AT 31.03.2014 ₹	AS AT 31.03.2013 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	1	7,94,76,000	7,94,76,000
(b) Reserves and Surplus	2	72,10,10,496	67,69,29,315
Non-current Liabilities			
(a) Long-term Borrowings	3	38,63,07,343	54,25,71,548
(b) Deferred Tax Liability (net)	4	13,14,25,140	12,93,50,503
(c) Other Long-term Liabilities	5	2,27,74,669	9,55,51,176
(d) Long-term Provisions	6	29,73,547	31,78,650
Current Liabilities			
(a) Short-term Borrowings	7	74,11,43,116	74,23,00,743
(b) Trade Payables	8	32,56,95,540	27,87,19,984
(c) Other Current Liabilities	9	22,19,86,370	15,51,11,731
(d) Short-term Provisions	10	4,09,723	5,16,888
Total		<u>2,63,32,01,944</u>	<u>2,70,37,06,538</u>
ASSETS			
Non-current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		84,66,54,388	1,11,02,40,482
(ii) Capital Work-in-Progress		-	1,50,21,045
(b) Non-current Investments	12	19,06,88,000	11,17,03,158
(c) Long-term Loans and Advances	13	1,53,85,433	1,33,35,433
Current Assets			
(a) Inventories	14	42,63,20,940	44,58,69,902
(b) Trade Receivables	15	1,03,39,64,593	61,81,26,091
(c) Cash and Cash Equivalents	16	3,84,91,962	2,64,44,006
(d) Short-term Loans and Advances	17	8,16,96,628	36,29,66,421
Total		<u>2,63,32,01,944</u>	<u>2,70,37,06,538</u>
Significant Accounting Policies	33		
Notes on Financial Statements	1 to 33		

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 : 30.05.2014



VARDHMAN INDUSTRIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	NOTE	FOR THE YEAR ENDED 31.03.2014 ₹	FOR THE YEAR ENDED 31.03.2013 ₹
INCOME			
Revenue from Operations		4,36,02,22,122	4,20,04,17,099
Less : Excise Duty		35,77,64,350	37,12,96,051
Net revenue from operations	18	4,00,24,57,772	3,82,91,21,048
Other Operating Income	19	2,70,000	16,46,515
Total Revenue		4,00,27,27,772	3,83,07,67,563
EXPENSES			
Cost of Materials Consumed	20	3,44,39,19,386	3,33,71,63,602
Changes in inventories of finished goods and Work-in-Progress	21	(4,00,91,413)	(10,37,00,839)
Employee Benefit Expense	22	5,24,22,089	5,56,70,017
Finance Costs	23	8,47,95,409	8,00,18,584
Depreciation and Amortization Expense	11	6,63,20,261	6,71,53,923
Other Expenses	24	32,59,69,232	33,04,83,348
Total Expenses		3,93,33,34,964	3,76,67,88,635
PROFIT BEFORE TAX		6,93,92,808	6,39,78,928
Less: Exceptional Items		-	2,83,32,185
Profit after Exceptional Items		6,93,92,808	3,56,46,743
Tax Expense:			
- Current Tax		1,40,00,000	71,09,671
- Less: MAT Credit Entitlement		-	71,09,671
Net Current Tax		1,40,00,000	-
Deferred Tax		20,74,637	1,25,04,047
PROFIT FOR THE YEAR		5,33,18,171	2,31,42,696
Basic and Diluted Earning Per Share:	25	6.75	2.93
Significant Accounting Policies	33		
Notes on Financial Statements	1 to 33		

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 : 30.05.2014



VARDHMAN INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	CURRENT YEAR 2013-14 ₹	PREVIOUS YEAR 2012-13 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax & Exceptional Items	6,93,92,808	6,39,78,928
Adjustment for :		
Depreciation	6,63,20,261	6,71,53,923
Profit on sale of Fixed assets	(35,53,73,976)	-
Profit on sale of Investments	(59,336)	-
Amounts written back	(1,13,81,838)	-
Exceptional Items	-	(2,83,32,185)
Finance Costs	8,47,95,409	11,61,83,198
Operating Profit before Working Capital Changes	(14,63,06,672)	21,89,83,864
Adjustment for		
Trade and other Receivables	(14,58,55,695)	(11,79,39,571)
Inventories	1,95,48,962	(6,94,72,446)
Trade and other Payables	9,97,43,028	5,40,32,341
Cash Flow from operations	(17,28,70,377)	8,56,04,188
Direct Taxes	(52,89,198)	-
Net Cash Flow from Operating Activities	(17,81,59,575)	8,56,04,188
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Payments for Capital Goods	(28,86,42,922)	(17,57,15,895)
Sale of Fixed Assets	80,00,00,000	1,920
Purchase of Investments	(13,00,00,000)	(1,52,65,158)
Sales of Investments	5,10,74,494	-
Net Cash Flow in Investing Activities	43,24,31,572	(19,09,79,133)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Finance Costs	(8,47,95,409)	(11,61,83,198)
Dividend paid	(6,800)	(78,95,200)
Corporate Dividend Tax	-	(12,80,799)
Movement in Long-term Borrowings	(15,62,64,205)	9,62,42,206
Movement in Working Capital Borrowings	(11,57,627)	13,70,50,871
Net Cash Flow from Financing Activities	(24,22,24,041)	10,79,33,880
Net Change in Cash & Cash Equivalents (A+B+C)	1,20,47,956	25,58,935
Cash & Cash Equivalents at the beginning of the year	2,64,44,006	2,38,85,071
Cash & Cash Equivalents at the end of the year	3,84,91,962	2,64,44,006

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 : 30.05.2014



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2014
₹

AS AT 31.03.2013
₹

Note : 1 SHARE CAPITAL

SHARE CAPITAL

AUTHORIZED SHARE CAPITAL:

80,00,000 Equity Shares of Rs. 10/- each 8,00,00,000 8,00,00,000

ISSUED, SUBSCRIBED & PAID UP CAPITAL:

78,95,200 Equity Shares of Rs. 10/- each fully paid up **7,89,52,000** 7,89,52,000

Add: Shares forfeited (Amount Paid-up) **5,24,000** 5,24,000

Total **7,94,76,000** 7,94,76,000

1.1 The detail of shareholders holding more than 5% shares

Name of the Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of shares	% of Holding	No. of shares	% of Holding
M/s. Vallabh Steels Limited	6,66,600	8.44	6,66,600	8.44
M/s. Associated Leasing Limited	7,47,400	9.47	7,47,400	9.47
Ms. Shweta Jain	4,46,400	5.65	-	-

1.2 The reconciliation of number of shares outstanding is set out below

Shares outstanding at the beginning of the year (Nos.) **78,95,200** 78,95,200

Shares Issued during the year - -

Shares bought back during the year - -

Shares outstanding at the end of the year (Nos.) **78,95,200** 78,95,200

1.3 Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.

Note : 2 RESERVES & SURPLUS

Securities Premium (A) **1,97,38,000** 1,97,38,000

General Reserve:

As at Commencement of the Year **5,39,83,707** 5,14,83,707

Add: Transfer from Statement of Profit and Loss **25,00,000** 25,00,000

(B) **5,64,83,707** 5,39,83,707

Statement of Profit and Loss

As at Commencement of the Year **60,32,07,608** 58,25,64,912

Add: Profit for the year **5,33,18,171** 2,31,42,696

65,65,25,779 60,57,07,608

Less: Appropriations

Transferred to General Reserve **25,00,000** 25,00,000

Proposed Dividend on Equity Shares **78,95,200** -

Corporate Dividend Tax **13,41,790** -

(C) **64,47,88,789** 60,32,07,608

Total (A+B+C) **72,10,10,496** 67,69,29,315



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2014	AS AT 31.03.2013
	₹	₹
Note : 3 LONG-TERM BORROWINGS		
A) Secured Loans		
Term Loans from Banks:	Rate of Interest	
IDBI Bank Limited	13.25%	9,65,89,345
State Bank of India	13.45%	37,88,01,109
Allahabad Bank	13.25%	-
Buyer's Credit -IDBI Bank LTD-\$ 210000		1,34,29,500
		48,88,19,954
Less: Instalments due within 12 months		52,03,55,196
		10,33,32,668
		38,54,87,286
Vehicle Loans from Banks:		
ICICI Bank Limited	9.36%	-
HDFC Bank Limited	9.75%	-
ICICI Bank Limited	10.49%	-
HDFC Bank Limited	10.00%	-
HDFC Bank Limited	12.05%	5,36,994
ICICI Bank Limited	11.25%	2,28,566
ICICI Bank Limited	11.26%	1,37,144
Kotak Mahindra Prime Ltd.[SWIFT]	9.75%	2,86,102
Kotak Mahindra Prime Ltd.[COROLLA]	9.30%	9,75,711
		21,64,517
Less: Instalments due within 12 months		20,27,054
		13,44,460
		8,20,057
	Total (A)	38,63,07,343
B) Unsecured Loans		
From Shareholders, Directors and their relatives		-
	Total (B)	11,92,87,650
		-
	Total (A+B)	54,25,71,548
Note : 4 DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Relating to Fixed Assets		13,14,25,140
Deferred Tax Assets		
Relating to disallowances u/s 43B of Income Tax Act		-
	Total	97,54,587
		13,14,25,140
		12,93,50,503
Note : 5 OTHER LONG TERM LIABILITIES		
Deferred Credits		2,07,35,918
Security Deposits		20,38,751
	Total	9,40,76,157
		2,27,74,669
		9,55,51,176
Note : 6 LONG TERM PROVISIONS		
Gratuity		29,73,547
	Total	31,78,650
		29,73,547
		31,78,650



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS

AS AT 31.03.2014

AS AT 31.03.2013

₹

₹

Note : 7 SHORT TERM BORROWINGS

Secured Loans

Working Capital Loans from state bank of india	68,25,66,800	71,35,38,194
Working Capital Loans from IDBI bank Limited	5,43,28,534	-
Working Capital Loans from Punjab National bank	42,47,782	2,87,62,549
Total	74,11,43,116	74,23,00,743

7.1 Working Capital borrowings from State Bank of India and IDBI Bank Limited are secured by hypothecation of entire present and future tangible current assets of the GPGC unit of the Company on pari passu basis and personally guaranteed by three of the directors. The said borrowings are also secured by way of second charge on block assets of the GPGC unit of the Company.

Note: 8 TRADE PAYABLES

Sundry Creditors	32,56,95,540	27,87,19,984
Total	32,56,95,540	27,87,19,984

8.1 Based on the information available with the company regarding the coverage of its suppliers under the Micro, Small and Medium Enterprises Development Act 2006, no amount was due to any party covered under the said Act.

Note : 9 OTHER CURRENT LIABILITIES

Current Maturity of Long-term Debt-TL	10,33,32,668	9,79,74,000
Current Maturity of Long-term Debt-VL	13,44,460	11,24,352
Duties & Taxes Payable	3,14,40,761	26,16,194
Other Current Liabilities	5,16,22,847	2,69,49,339
Advance Received from Customers	1,40,90,987	1,45,83,307
Cheques issued but not presented for payment	2,01,54,647	1,18,64,539
Total	22,19,86,370	15,51,11,731

Note : 10 SHORT-TERM PROVISIONS

Provision For contribution to PF, ESI etc.	4,09,723	5,16,888
Total	4,09,723	5,16,888

Note : 11 NON-CURRENT ASSETS

Fixed Assets		
(i) Tangible Assets	1,25,66,65,831	1,48,31,80,631
(ii) Capital Work-in-Progress	-	1,50,21,045
Accumulated Depreciation Provision on Tangible Assets	(41,00,11,443)	(37,29,40,149)
Total	84,66,54,388	1,12,52,61,527

FIXED ASSETS & DEPRECIATION

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As At 01.04.2013	Additions/ Sales/adjust- ments	As At 31.03.2014	As At 01.04.2013	For the Year	Adjust- ments	As At 31.3.2014	As At 31.3.2014	As At 31.3.2013
Land	1,37,69,472	(44,74,082)	92,95,390	-	-	-	92,95,390	92,95,390	1,37,69,472
Building	15,24,71,152	(5,39,48,945)	9,85,22,207	3,06,16,957	50,03,848	52,77,612	3,03,43,193	6,81,79,014	12,18,54,195
Furniture & Fixture	45,07,712	81,699	45,89,411	17,80,850	2,54,482	-	20,35,332	25,54,079	27,26,862
Plant and Machinery	1,27,78,73,453	(17,02,29,095)	1,10,76,44,358	32,37,54,317	5,77,59,271	2,39,71,355	35,75,42,233	75,01,02,125	95,41,19,136
Vehicles	3,45,58,842	20,55,623	3,66,14,465	1,67,88,025	33,02,660	-	2,00,90,685	1,65,23,780	1,77,70,817
Total	1,48,31,80,631	(22,65,14,800)	1,25,66,65,831	37,29,40,149	6,63,20,261	2,92,48,967	41,00,11,443	84,66,54,388	1,11,02,40,482
Previous Year	1,31,57,37,726	16,74,42,905	1,48,31,80,631	30,61,14,306	6,71,53,923	3,28,080	37,29,40,149	1,11,02,40,482	1,00,96,23,420



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2014	AS AT 31.03.2013
	₹	₹
Note : 12 NON-CURRENT INVESTMENTS		
Trade Investments		
Quoted fully paid up equity shares:		
Vallabh Steels Limited 2,95,000 shares of face value of ₹10/- each	29,50,000	29,50,000
Associated Leasing Limited 20,000 shares of face value of ₹10/- each	2,00,000	2,00,000
Oswal Greentech Limited Nil (previous year 10,000) shares of face value of ₹10/- each	-	2,65,158
Unquoted fully paid up equity shares:		
Vallabh Textiles Company Limited 42,50,000 shares of face value of ₹10/- each	4,25,00,000	4,25,00,000
Vallabh Tinplate Private Limited 1,31,07,227 (Previous Year 65,10,000) shares of face value of ₹10/- each	14,43,50,000	6,51,00,000
Other Investments		
Quoted fully paid up equity shares:		
SBI Infrastructure Fund 40,000 units of face value of ₹10/- each	4,00,000	4,00,000
DMC Education Limited 72,000 shares of face value of ₹5/- each	2,88,000	2,88,000
Total	19,06,88,000	11,17,03,158
12.1 Aggregate value of Quoted Investments	38,38,000	41,03,158
Market value of Quoted Investments	54,61,486	52,80,890
Aggregate value of Unquoted Investments	18,68,50,000	10,76,00,000
Note : 13 LONG-TERM LOANS & ADVANCES		
Security Deposits	1,53,85,433	1,33,35,433
Total	1,53,85,433	1,33,35,433



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	AS AT 31.03.2014	AS AT 31.03.2013
	₹	₹
Note : 14 INVENTORIES		
Raw Material	5,31,66,744	12,12,91,366
Raw Materials (Goods in Transit)	4,60,20,400	6,17,86,284
Work in Progress	2,92,49,375	3,02,49,344
Finished Goods	26,28,65,421	22,17,74,038
Stores & Spares	3,50,19,000	1,07,68,870
Total	42,63,20,940	44,58,69,902
Note : 15 TRADE RECEIVABLES		
Debtors outstanding for a period exceeding six months		
- Considered Good	47,96,473	46,32,433
- Considered Doubtful	-	-
Other Debtors		
- Considered Good	1,02,91,68,120	61,34,93,658
Total	1,03,39,64,593	61,81,26,091
15.1 Balances of debtors are subject to confirmation and reconciliation.		
Note : 16 CASH & CASH EQUIVALENTS		
Cash in Hand	36,85,760	6,90,656
Balance with Banks:		
- Current Accounts	1,60,10,379	99,14,657
- Fixed Deposits With Banks (Pledged with Banks as margin money)	1,87,95,823	1,58,38,693
Total	3,84,91,962	2,64,44,006
16.1 Balance with banks include unpaid dividend of Rs 12,98,252/- (Previous Year Rs 13,05,052/-)		
Note : 17 SHORT-TERM LOANS & ADVANCES		
(Unsecured & Considered Good)		
Advance to Suppliers & Others recoverable in cash or in kind or for value to be received	62,86,171	30,48,23,772
Prepaid Expenses	91,39,231	56,66,898
Income Tax	4,49,11,516	3,48,91,215
Cheques in hand/deposited	4,00,661	-
Balances with Excise Authorities	96,83,366	63,08,853
MAT Credit Entitlement	1,12,75,683	1,12,75,683
Total	8,16,96,628	36,29,66,421



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS		YEAR ENDING 31.03.2014	YEAR ENDING 31.03.2013
		₹	₹
Note : 18 REVENUE FROM OPERATIONS			
Turnover		4,36,02,22,122	4,20,04,17,099
Less: Excise Duty		35,77,64,350	37,12,96,051
Total		4,00,24,57,772	3,82,91,21,048
Note : 19 OTHER OPERATING INCOME			
Rent Income		2,70,000	15,06,774
Miscellaneous Income		-	1,39,741
Total		2,70,000	16,46,515
Note : 20 COST OF MATERIALS CONSUMED			
A) Raw Material Consumed			
Opening Stock		12,12,91,366	16,98,64,420
Purchases		3,36,44,90,474	3,27,43,80,635
		3,48,57,81,840	3,44,42,45,055
Less : Closing Stock		5,31,66,744	12,12,91,366
Raw Material Consumed	Total (A)	3,43,26,15,096	3,32,29,53,689
B) Stores, Spares Consumed			
Opening Stock		1,07,68,870	59,99,805
Purchases		3,55,54,420	1,89,78,978
		4,63,23,290	2,49,78,783
Less: Closing Stock		3,50,19,000	1,07,68,870
Stores Material Consumed	Total (B)	1,13,04,290	1,42,09,913
Total cost of material consumed	(A)+(B)	3,44,39,19,386	3,33,71,63,602
		Year ended 31.03.2014	Year ended 31.03.2013
		Value (₹)	Value (₹)
		%age	%age
20.1 a) Raw Material Consumed			
Indigenous	3,40,10,14,209	99.08	3,25,98,79,900
Imported	3,16,00,887	0.92	6,30,73,789
	3,43,26,15,096	100.00	3,32,29,53,689
b) Stores and Spares Consumed			
Indigenous	1,13,04,290	100.00	1,42,09,913
Imported	-	-	-
	1,13,04,290	100.00	1,42,09,913



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2014 ₹	YEAR ENDING 31.03.2013 ₹
Note : 21 CHANGES IN INVENTORIES OF WORK IN PROGRESS AND FINISHED GOODS		
Opening Stock:		
Work in Progress	3,02,49,344	2,27,91,561
Finished Goods	22,17,74,039	12,55,30,982
Total (A)	25,20,23,383	14,83,22,543
Closing Stock:		
Work in Progress	2,92,49,375	3,02,49,344
Finished Goods	26,28,65,421	22,17,74,038
Total (B)	29,21,14,796	25,20,23,382
(A-B)	(4,00,91,413)	(10,37,00,839)
Note : 22 EMPLOYEE BENEFIT EXPENSE		
Salary, Wages, Allowances & other Benefits	4,84,28,439	5,11,85,883
Contribution to Provident and other Funds	27,29,922	26,46,142
Staff Welfare Expenses	12,63,728	18,37,992
Total	5,24,22,089	5,56,70,017
22.1 Disclosures in terms of Accounting Standard 15 'Employee Benefits':		
Reconciliation of opening and closing balances of defined benefit obligation viz Gratuity:		
Liability at the beginning of the year	31,78,650	28,53,650
Liability provided during the year	(2,05,103)	3,25,000
Liability at the end of the year	29,73,547	31,78,650
Expense recognized in Statement of Profit and Loss		
Amount paid during the year	5,83,256	4,30,602
Amount debited to Statement to Profit and Loss	3,78,153	7,55,602
Note : 23 FINANCE COSTS		
Interest:		
-On Term Loan	1,80,31,504	1,82,06,726
-On Working Capital	6,39,22,945	5,60,36,700
-To Others	6,628	40,412
Bank Charges and commission	28,34,332	57,34,746
Total	8,47,95,409	8,00,18,584
Note : 24 OTHER EXPENSES		
A) Selling & Distribution Expenses		
Packing & Forwarding Charges	1,67,51,401	1,52,57,380
Rebate and Discount	1,23,02,378	1,62,67,228
Brokerage & Commission	18,69,689	19,75,695
Other selling expenses	25,82,937	10,41,544
Export Expenses	4,30,81,822	6,00,23,651
Advertisement	1,30,424	40,381
Total (A)	7,67,18,651	9,46,05,879



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2014 ₹	YEAR ENDING 31.03.2013 ₹
B) Operating, Administrative & Other Expenses		
Power & Fuel	18,06,94,263	18,71,39,013
Repairs & Maintenance	62,01,598	65,75,100
Other manufacturing expenses	1,04,62,479	1,51,23,153
Excise Duty on Finished Stock	2,92,49,130	-
Rent, Rates, Fees and Taxes	31,80,575	41,97,421
Insurance	18,94,290	11,87,156
Legal & Professional charges	13,36,613	11,75,855
Directors' Remuneration	30,00,000	30,00,000
Travelling and Conveyance		
- Directors	2,61,669	13,48,989
- Others	27,18,210	39,57,067
Payment to Auditors:		
- As Auditors	62,500	62,500
- For reimbursement of expenses	41,465	37,418
Postage, Telegram and Telephone	13,06,419	13,97,427
Printing & Stationery	7,47,955	8,33,183
Repairs and Maintenance		
- Building	3,12,282	1,64,801
- Vehicles	42,89,874	42,12,358
- General	6,03,822	6,48,723
Charity & Donation	29,550	2,350
Other Miscellaneous Expenses	28,57,887	48,14,955
Total (B)	24,92,50,581	23,58,77,469
Total (A+B)	32,59,69,232	33,04,83,348
Note : 25 EARNING PER SHARE		
Profit after Tax (Rs)	5,33,18,171	2,31,42,696
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	10
Basic Earning Per Share (Rs)	6.75	2.93
Diluted Earning Per Share (Rs)	6.75	2.93
Note : 26 EARNINGS IN FOREIGN EXCHANGE		
Export of Goods on FOB basis	44,35,63,797	62,10,73,501
Note : 27 VALUE OF IMPORTS ON CIF BASIS		
Raw Material, Spare parts & components	3,16,00,887	6,30,73,789
Capital Goods	2,77,65,248	4,27,90,117
Total	5,93,66,135	10,58,63,906
Note : 28 EXPENDITURE IN FOREIGN CURRENCY		
Travelling, Sales promotion & Others	19,07,168	20,06,220
Note : 29 REMUNERATION TO KEY MANAGEMENT PERSONNEL		
Mr. Rahul Jain	31,83,797	31,74,447



VARDHMAN INDUSTRIES LIMITED

NOTES ON FINANCIAL STATEMENTS	YEAR ENDING 31.03.2014 ₹	YEAR ENDING 31.03.2013 ₹
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Note : 30 SEGMENT REPORTING

The company operates in only one segment viz Iron and Steel.

Note : 31 CONTINGENT LIABILITIES NOT PROVIDED FOR

Capital contracts	-	1,02,30,000
Letters of Credit	19,75,24,468	23,29,14,447
Corporate Guarantee	2,00,000	24,51,000

Note : 32 PRESENTATION OF FINANCIAL STATEMENTS

Financial Statements are drawn in accordance with Schedule VI and other presentational requirements of the Companies Act, 1956. Previous year's figures have been recasted/regrouped/ rearranged wherever considered necessary to make them comparable with current year's figures.

Note : 33 SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) Use of Estimates

The preparation of financial statements is in conformity with the generally accepted accounting principles. The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialize.

c) 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.

d) Depreciation

Depreciation on Fixed Assets in GPGC unit is charged on the Straight Line Method. The depreciation on fixed assets on other units is charged on Written Down Value method. Depreciation is charged at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

e) 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 the 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 Statement of Profit and Loss. The impairment loss recognized in prior accounting periods is reversed if there is a change in the estimate of recoverable amount of an asset.

f) Revenue Recognition

- Revenue from sale of goods is recognised at the point of passing of title of goods to the customer which generally coincides with delivery.
- Sales value is inclusive of Excise Duty paid at the time of clearance of goods but exclusive of VAT.
- Export sales are accounted for on the basis of "Let Export" date.
- Revenue in respect of export incentives is recognised when such incentives accrue upon export of goods.

g) Inventories

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

- In case of raw materials, stores and spares, at weighted average cost;
- In case of work in process, at the raw material cost plus conversion cost depending upon the stage of completion of goods;
- 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 plus excise duty wherever applicable.

h) Investments

Long term investments are carried at cost less provisions, if any, for permanent diminution in value.



i) 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. Realised gains or losses on foreign exchange transactions, other than those relating to fixed assets are recognised in the Statement of Profit & Loss. The difference in foreign exchange rates in case of Fixed Assets is adjusted to the cost of the fixed assets.

j) 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 timing difference 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 recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred Tax Assets in respect of unabsorbed depreciation and carried forward losses are recognised only to the extent there is virtual certainty that future taxable income will be available to realise these assets. In terms of Guidance Note on 'Accounting for Credit available in respect of Minimum Alternate Tax (MAT) under the Income Tax Act, 1961' issued by the Institute of Chartered Accountants of India, MAT credit is recognised as an asset only to the extent there is a convincing evidence that the company will be paying normal income tax during the specified period.

k) Cash Flow Statement

The company has prepared the Cash Flow Statement using the Indirect Method in compliance of Accounting Standard 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.

l) Employee Benefits

1. Short-term employee benefits

Short-term employee benefits are recognised as an expense in Statement of Profit & Loss 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 Statement of Profit & Loss 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.

- Leave with Wages

Liability in respect of leave with wages is accounted for by making provision on actual basis on the unutilized leaves standing credit to the employee.

m) 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 liabilities are disclosed by way of separate notes.

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 : 30.05.2014

Sd/-
(Kapil Kumar Jain)
Chairman

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Vikram Jain)
Director



VARDHMAN INDUSTRIES LIMITED

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CIN: L74899DLI984PLC019492

NOTICE

Notice is hereby given that the 30th Annual General Meeting of the members of Vardhman Industries Limited will be held on Tuesday, the 30th September, 2014 at 1.30 P.M. at AF 1 & 2, First Floor, 2, Jaisav Place, 5006, Hamdard Marg, Hauz Qazi, Delhi-110 006 to transact the following business:-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014, Statement of Profit and Loss for the year ended on that date together with the Reports of Auditors and Directors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Vikram Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashwani Kumar who retires by rotation and being eligible offers himself for re-appointment as an independent director in terms of item 8 below.
5. 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.
6. To appoint M/s. RCS & Company, Company Secretaries for the Secretarial Audit for the Financial Year 2014-15.

AS SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Suresh Gupta (DIN 00027192), Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto the conclusion of the 35th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ashwani Kumar (DIN 00030307), Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto the conclusion of the 35th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all

other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ashok Kumar Jain (DIN 00027116), Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto the conclusion of the 35th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Surinder Kumar Vig (DIN 00764596), Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto the conclusion of the 35th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT in supersession of the Ordinary Resolution adopted at the Extra Ordinary General Meeting of the Company held on 6th June 2003 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and that of the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board"), for borrowing from time to time, any sum or sums of money, on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) including rupee equivalent of foreign currency loans (such rupee equivalent being calculated at the exchange rate prevailing as on the date of the relevant foreign currency agreement) may exceed, at any time, the aggregate of the paid-up capital of the Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of the Company and its free reserves shall not at any time exceed Rs. 300.00 crores (Rupees three hundred crores only).

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and execute all such acts, deeds and things and to take all such steps as may be necessary for the purpose of giving effect to this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any one or more Directors of the Company."

By order of the Board of Directors

Sd/-

PLACE : LUDHIANA

(RAHUL JAIN)

DATED : 14.08.2014

MANAGING DIRECTOR

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 102 of the Companies Act, 2013 in respect of item nos. 7 to 11 of Special Business is 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 24th September, 2014 to Tuesday, the 30th September, 2014 (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, 2014 to those members who hold shares in physical form and whose names appear on the Company's Register of Members on Tuesday, 30th September, 2014. 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, 23rd September, 2014 as per the particulars of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
6. Members who have not encashed the dividend warrants for dividend declared by the Company for the year 2009-2010, 2010-2011 and 2011-2012 are requested to make their claims to the Company. Otherwise after seven years from the date of declaration, the unclaimed dividend amount shall be transferred to Investor Education and Protection Fund as per Section 124(5) of the Companies Act, 2013.
7. 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.
8. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.
9. 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. INE 458E01014. 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).
10. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, Members have been provided with the facility to cast their vote electronically, through the e-voting services provided by Mas Services Limited, on all resolutions set forth in this Notice.

Notice of the 30th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes through electronic mode unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 30th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.

PROCESS AND MANNER FOR E-VOTING:

The instructions for e-voting are as under:

- A. In case of members receiving e-mail from RTA/CDSL (for Members whose e-mail ids are registered with the Company/Depositories):
 - i. If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
 - ii. Log on to the e-voting website www.evotingindia.com.
 - iii. Click on "Shareholders" tab.
 - iv. Now, select the "Electronic Voting Sequence Number (EVSN)-140809023" along with "Company Name - Vardhman Industries Limited" from the drop down menu and click on "Submit".

v. Now, fill up the following details in the appropriate boxes:

	For members holding shares in Demat Form	For members holding shares in Physical Form
User ID	For NSDL: 8 character DP ID followed by 8 digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members holding shares in physical form who have not updated their PAN with the Company are requested to use the first two letters of their name in 'Capital Letter' followed by 8 digit folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. For example: If your name is Suresh Kumar with folio number 1234 then enter SU00001234 in the PAN field. Members holding shares in Demat form who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in 'Capital Letter' followed by 8 digit CDSL/NSDL Client ID. For example: If your name is Suresh Kumar and your CDSL Demat A/c. No. is 12058700 00001234 then enter SU00001234 or if your NSDL DPID-CLID is IN300100-10001234 then enter SUI0001234 in the PAN field. 	
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If details are not recorded with the Depository or the Company please enter your Folio No. / Demat A/c. No. / DPID-CLID, as the case may be, in the Dividend Bank details field. 	

- vi. After entering these details appropriately, click on "SUBMIT" tab.
 - vii. Members holding shares in physical form will then reach directly to the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password, in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@#%&* _). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - viii. Click on the EVSN-I40809023 for Vardhman Industries Limited to vote.
 - ix. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - x. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
 - xi. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - xii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- B. In case a Members receiving the physical copy of Notice of AGM (for Members whose e-mail ids are not registered with the Company/Depositories):
Please follow all steps from Sl. no. (ii) to Sl. no. (xii) above, to cast vote.
- C. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and cast

their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

General Instructions:

- i. The e-voting period shall commence at 9.30 a.m. on Wednesday, 24th September, 2014 and shall end at 5.30 p.m. on Friday, 26th September, 2014. During this period members of the Company, holding shares either in physical or in dematerialised form, as on the record date i.e. Thursday, 14th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
 - ii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.com under help Section or write an email to helpdesk.evoting@cdslindia.com.
 - iii. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the record date i.e. Thursday, 14th August, 2014.
 - iv. The Company has appointed Mr. R.C. Singal, Practicing Company Secretary (Membership No. FCS - 903 & C.P. No. 3154) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - v. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - vi. The results shall be declared on or after the AGM of the Company. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.vallabhgroup.com and on the website of CDSL within two (2) days of the passing of the resolutions at the 30th AGM of the Company to be held on Tuesday, 30th September, 2014.
11. 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 & Share Transfer Agents 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 & Share Transfer Agents 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: info@masserv.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF ITEM NOS. 7 TO 11 OF SPECIAL BUSINESS:

ITEM NO. 7 to 10

Mr. Vikram Jain retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. Mr. Suresh Gupta, Mr. Ashwani Kumar, Mr. Ashok Kumar Jain and Mr. Surinder Kumar Vig are directors whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

Mr. Suresh Gupta, Mr. Ashwani Kumar, Mr. Ashok Kumar Jain and Mr. Surinder Kumar Vig being eligible and offering themselves for appointment, are proposed to be appointed as Independent

Directors under Section 149 and all other applicable provisions of the Companies Act, 2013 to hold office as follows:

Name of Director	Tenure of appointment
Mr. Suresh Gupta	Upto the conclusion of the 35th Annual General Meeting of the Company in the calendar year 2019.
Mr. Ashwani Kumar	Upto the conclusion of the 35th Annual General Meeting of the Company in the calendar year 2019.
Mr. Ashok Kumar Jain	Upto the conclusion of the 35th Annual General Meeting of the Company in the calendar year 2019.
Mr. Surinder Kumar Vig	Upto the conclusion of the 35th Annual General Meeting of the Company in the calendar year 2019.

Mr. Suresh Gupta, Mr. Ashwani Kumar, Mr. Ashok Kumar Jain and Mr. Surinder Kumar Vig are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. Further they have given their respective declaration that they meet the criteria for independence as provided in section 149(6) of the Companies Act, 2013.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Suresh Gupta, Mr. Ashwani Kumar, Mr. Ashok Kumar Jain and Mr. Surinder Kumar Vig for the office of Directors of the Company.

The Company has also received declarations from Mr. Suresh Gupta, Mr. Ashwani Kumar, Mr. Ashok Kumar Jain and Mr. Surinder Kumar Vig that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

The aforesaid Independent Directors are eminent personalities in their respective fields. Your Board considers that their continued association with the Company would be of immense benefit to the Company. In the opinion of the Board, Mr. Suresh Gupta, Mr. Ashwani Kumar, Mr. Ashok Kumar Jain and Mr. Surinder Kumar Vig fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Mr. Suresh Gupta, Mr. Ashwani Kumar, Mr. Ashok Kumar Jain and Mr. Surinder Kumar Vig are independent of the management.

Brief resume of Mr. Suresh Gupta, Mr. Ashwani Kumar, Mr. Ashok Kumar Jain and Mr. Surinder Kumar Vig, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, are provided in the statement giving details under Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors proposed to be appointed/re-appointed.

None of the Directors or Key Managerial Personnel or their relatives other than the aforesaid Independent Directors and their relatives, are in any way concerned or interested in the proposed resolution.

Your Directors recommend the resolutions as mentioned at Item Nos. 7 to 10 for your approval.

ITEM NO. 11

At the Extra Ordinary General Meeting of the Company held on June 6, 2003, the members had pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, authorised the Board of Directors of the Company to borrow from time to time, a sum of money (apart from temporary loans obtained from bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, provided that, the sum or sums so borrowed and remaining outstanding at any time shall not exceed Rs. 300.00 crores (Rupees three hundred crores only).

Taking into consideration the requirements of additional financial resources to meet the Company's capital expenditure programmes, including proposed investments in Indian and overseas subsidiaries in pursuit of horizontal and vertical integration in steel business and its expansion and acquisition plans, the said limit of Rs. 300.00 crores (Rupees three hundred crores only) in excess of the aggregate of the paid-up capital of the Company and its free reserves, is utilised to a considerable extent. The resolution as at Item No. 11 is being proposed in view of the provisions contained in Section 180(1)(c) of the Companies Act, 2013.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested financially or otherwise in the resolution.

Your Directors recommend the resolution as at Item No. 11 for your approval.

By order of the Board of Directors

PLACE : LUDHIANA

DATED : 14.08.2014

**Sd/-
(RAHUL JAIN)
MANAGING DIRECTOR**



VARDHMAN INDUSTRIES LIMITED

Regd. Office: 2nd Floor, Jeevan Deep Building, Parliament Street,
New Delhi-110001

Ph.: 011-23742401-02, Fax.: 011-23742403

Admn. Office: G.T. Road, Village Pawa, Sahnewal, Ludhiana-141120

Ph. No. 0161-2511412/2511413, Fax No. 0161-2511414

Website: www.vallabhgroup.com, Email: cs.vil@vallabhgroup.com

CIN: L74899DLI984PLC019492

PROXY FORM

Name of the member(s) :		Registered Address:	
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DP. ID* :		Folio No.:	
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Client ID* :		No. of Share(s) held:	
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I/We, being the member/members of VARDHMAN INDUSTRIES LIMITED, hereby appoint:

1. Name _____	2. Name _____	3. Name _____
Address _____	Address _____	Address _____
E-mail id _____	E-mail id _____	E-mail id _____
Signature _____ or failing him/her	Signature _____ or failing him/her	Signature _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 30th Annual General Meeting of the Company to be held on Tuesday, the 30th September, 2014 at 1.30 P.M. and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr.No.	Resolution
1.	Consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors
2.	Declare Dividend on equity shares
3.	Re-appointment of Mr. Vikram Jain, who retire by rotation, as a Director
4.	Re-appointment of Mr. Ashwani Kumar, who retire by rotation, as a Director
5.	Appointment of Statutory Auditor and fixing their remuneration
6.	Appointment of Company Secretary for the Secretarial Audit
7.	Appointment of Mr. Suresh Gupta as an Independent Director
8.	Appointment of Mr. Ashwani Kumar as an Independent Director
9.	Appointment of Mr. Ashok Kumar Jain as an Independent Director
10.	Appointment of Mr. Surinder Kumar Vig as an Independent Director
11.	Special Resolution u/s 180(1)(c) of the Companies Act, 2013 for borrowing money upto Rs.300 crores over and above the aggregate of the paid up share capital and free reserves of the company.

Signed this ___ day of _____ 2014. Signature _____

Affix a
Revenue
Stamp of
₹1/-

* 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.



VARDHMAN INDUSTRIES LIMITED

Regd. Office: 2nd Floor, Jeevan Deep Building, Parliament Street,
New Delhi-110001

Ph.: 011-23742401-02, Fax.: 011-23742403

Admn. Office: G.T. Road, Village Pawa, Sahnewal, Ludhiana-141120

Ph. No. 0161-2511412/2511413, Fax No. 0161-2511414

Website: www.vallabhgroup.com, Email: cs.vil@vallabhgroup.com

CIN: L74899DLI984PLC019492

ATTENDANCE SLIP

I/We hereby record my/our presence at the 30th Annual General Meeting held on Tuesday, the 30th September, 2014 at 1.30 P.M. at AF 1 & 2, First Floor, 2, Jaisav Place, 5006, Hamdard Marg, Hauz Qazi, Delhi-110 006.

Name of the member(s) :		Registered Address:	
-------------------------	--	---------------------	--

DP. ID* :		Folio No.:	
-----------	--	------------	--

Client ID* :		No. of Share(s) held:	
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Sr. No.	Resolution	I/We assent to the Resolution	I/We dissent to the Resolution
		For	Against
1.	Consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors		
2.	Declare Dividend on equity shares		
3.	Re-appointment of Mr. Vikram Jain, who retire by rotation, as a Director		
4.	Re-appointment of Mr. Ashwani Kumar, who retire by rotation, as a Director		
5.	Appointment of Statutory Auditor and fixing their remuneration		
6.	Appointment of Company Secretary for the Secretarial Audit		
7.	Appointment of Mr. Suresh Gupta as an Independent Director		
8.	Appointment of Mr. Ashwani Kumar as an Independent Director		
9.	Appointment of Mr. Ashok Kumar Jain as an Independent Director		
10.	Appointment of Mr. Surinder Kumar Vig as an Independent Director		
11.	Special Resolution u/s 180(1)(c) of the Companies Act, 2013 for borrowing money upto Rs.300 crores over and above the aggregate of the paid up share capital and free reserves of the company.		

(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.



VARDHMAN INDUSTRIES LIMITED

Regd. Office: 2nd Floor, Jeevan Deep Building, Parliament Street,
New Delhi-110001

Ph.: 011-23742401-02, Fax.: 011-23742403

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Ph. No. 0161-2511412/2511413, Fax No. 0161-2511414

Website: www.vallabhgroup.com, Email: cs.vil@vallabhgroup.com

CIN: L74899DLI984PLC019492

NOTICE OF POSTAL BALLOT

[Pursuant to Section 110 of the Companies Act, 2013]

Dear Member(s)

Notice is hereby given, pursuant to Section 110 of the Companies Act, 2013, ("the Act") of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, other applicable provisions of the Act and Rules made thereunder and Clause 35B of the Listing agreement with Stock Exchanges, that it is proposed to transact the following Special Business by passing a Special Resolution through Postal Ballot.

Your approval is sought for the Special Resolution set out hereunder. The Statement setting out the material facts concerning the item of Special Business is also annexed to this Notice in terms of Section 102(1) of the Act. Mr. R.C. Singal, Proprietor of M/s. RCS & Company, Company Secretaries, Ludhiana, has been appointed by the Board of Directors as the Scrutinizer.

You are requested to send your assent or dissent for the Special Resolution in either of the following modes:

- (a) by filling in the necessary details in the Postal Ballot Form enclosed, signing the same at the marked place and returning the same in the enclosed self-addressed postage pre-stamped envelope; or
- (b) by E-voting through the platform provided by Central Depository Services (India) Limited (CDSL), the e-voting agency appointed by us for the purpose.

Postal Ballot Form has to be returned so as to reach the Scrutinizer on or before Friday, the 26th day of September, 2014 prior to the closing of working hours (1730 hours). Your assent / dissent received after 1730 hours on 26th September, 2014 would be strictly treated as if a reply from you has not been received. The postage on the enclosed self-addressed postage pre-stamped envelope has been borne and paid by the Company.

E-voting platform will be open for tendering your votes from 0930 hours on Thursday, the 28th day of August 2014 to 1730 hours on Friday, 26th September 2014. Members opting for e-voting may follow the procedure, as recommended by CDSL, under "E-Voting instructions" of this notice.

The Scrutinizer shall submit his report to the Chairman / Secretary of the Company. The result of the Postal Ballot shall be:

- announced on or before the close of business hours on Tuesday, the 30th September, 2014.
- displayed on the Company's website www.vallabhgroup.com.
- communicated to the stock exchange on which the Company's shares are listed.
- announced through newspaper advertisement.

Special Business

Item No.1: CREATION OF SECURITY ON THE PROPERTIES OF THE COMPANY IN FAVOUR OF LENDERS.

To consider and give assent/dissent to following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the Act (corresponding to Section 293 (1) (a) of the Companies Act, 1956) (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as the 'Board' which term shall include a Committee thereof authorized for the purpose) of the Company, to hive off, sell, lease and/or create a charge on any of the Company's property / assets/ undertakings (movable / immovable, present / future, tangible / intangible) by creating an interest or lien thereon, as security, including by way of mortgage / hypothecation / pledge/ guarantee etc., in addition to such charges already created, in such form / manner / ranking / terms as the Board may deem

fit in the interest of the Company, together with or without the power to sell / dispose of any of the charged property / assets / undertakings or take over the management of the business or any undertaking of the Company in case of certain events of default, in favour of the Lender(s), Agent(s) and Trustee(s), for securing credit facilities / borrowings availed or to be availed by the Company, by way of loans or otherwise in foreign currency / Indian rupees, from time to time, up to the Board's borrowing limits, along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other moneys payable by the Company including any increase as a result of devaluation / revaluation / fluctuation in the rate of exchange and the Board be and is hereby authorized to decide all terms and conditions in relation to such hive off, sale, lease, guarantee and/ or creation of charge, at their absolute discretion and to do all such acts, deeds and things and to execute all such documents, instruments and writings as may be required."

"RESOLVED FURTHER THAT the charges to be created by the Company aforesaid may rank prior / pari passu / subservient with / to any charge already created or to be created and as may be agreed to by the Board for and on behalf of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board / Committee of the Board or Officers authorized by them in this regard be and are hereby authorized to finalize, settle and execute such / documents / deeds/ writings / papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulties or doubts that may arise with regard to borrowings and creating mortgages / charges as aforesaid."

Item No. 2: GIVING OF LOANS/GUARANTEES AND MAKING INVESTMENTS.

To consider and give assent/dissent to following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and Rules made there under (including any statutory modification thereof for the time being in force and as may be enacted from time to time), subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), to give loans to any associate/subsidiary companies (including overseas associates/subsidiaries) and / or give any guarantee or provide security in connection with a loan to any associate/subsidiary Company(ies) (including overseas associates/ subsidiaries) and / or acquire by way of subscription, purchase or otherwise, the securities of any associates/subsidiary company(ies) (including overseas subsidiaries) upto an aggregate amount not exceeding Rs. 600 crore (Rupees six hundred crores) notwithstanding that the aggregate of the loans or guarantees or securities so far given or to be given and/ or securities so far acquired or to be acquired by the Company may collectively exceed the limits prescribed under Section 186 of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of the Company be and is hereby authorised to take from time to time all decisions and such steps as may be necessary for giving loans, guarantees or providing securities or for making such investments and for these matter(s) to execute such documents, deeds, writings, papers, and/or agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem fit, necessary or appropriate.

By Order of the Board of Directors

Sd/-

(RAHUL JAIN)

MANAGING DIRECTOR

PLACE : LUDHIANA

DATED : 14.08.2014

Notes :

1. Statement of material facts pursuant to Section 102 of the Companies Act, 2013 read with Section 110 of the Companies Act, 2013 setting out all material facts is annexed hereto.
2. Voting period commences from 28.08.2014 (0930 hours) and ends on 26.09.2014 (1730 hours) for the members exercising their voting either by Postal Ballot or through E-Voting.

3. The Notice is being sent to all the Shareholders, whose names appear on the Register of Members / List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as on 14th August, 2014.
4. The members whose name appear in the Register of Members / Record of Depositories as on 14th August, 2014 will only be considered for voting.
5. Members have the option either to vote through the E-voting process or through the Postal Ballot Form. Members who have received the Postal Ballot Notice by email and who wish to vote through Postal Ballot Form can download Postal Ballot Form from the Company's website "www.vallabhgroup.com".
6. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed with the Assent (For) or Dissent (Against) in the enclosed self-addressed postage pre-stamped envelope so as to reach the Scrutinizer on or before 26th September, 2014 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the member. Hence the members are requested to send the duly completed Postal Ballot Form well before 26th September, 2014, being the last date for receipt of Postal Ballot Form by Scrutinizer, providing sufficient time for postal transit.
7. The Company has appointed Mr. R.C. Singal, Proprietor of M/s. RCS & Company, Company Secretaries, as a Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.
8. The date of declaration of the results will be treated as the date of passing of the said resolution. The resolution being Special Resolution, will be declared as passed if votes cast in favour of each of the resolution is three times more in number than the votes, if any, cast against it.
9. The result of the Postal Ballot shall be announced on or before the close of business hours on Tuesday, the 30th September, 2014 at the registered office of the Company and shall also be displayed on the Company's website www.vallabhgroup.com besides being communicated to the stock exchanges on which the shares of the Company are listed. The result of the postal ballot shall also be announced through newspaper advertisement.
10. Members may, if they so desire, address any query in relation to the aforesaid Resolution to the Secretarial Department at the Administrative Office of the Company. Tel.No:0161 - 2511412/2511413, Fax: 0161 - 2511414 or by e-mail to cs.vil@vallabhgroup.com.

INSTRUCTIONS FOR VOTING:

A) VOTING THROUGH PHYSICAL POSTAL BALLOT FORM

1. A member desiring to exercise vote by Postal Ballot shall complete the enclosed Postal Ballot Form with assent (for) or dissent (against) and send it to the Scrutinizer in the enclosed self addressed postage pre-stamped envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballot Forms, if deposited in person or sent by courier at the expenses of the members, will also be accepted.
The Postal Ballot Form duly completed and signed should be returned in the enclosed self addressed postage pre-stamped envelope directly to the Scrutinizer so as to reach the Scrutinizer not later than the close of working hours (17.30 hrs) on Friday, the 26th September, 2014. Postal ballot forms received after that date will be treated as if the reply from such members has not been received.
2. This form should be completed and signed by the sole / first named member. In case of joint holding, this Form should be completed and signed (by the first named member and in his absence, by the next named joint holder. The signature of the member on this Postal Ballot Form should be as per the specimen signature registered with the Company or furnished by National Securities Depository Limited / Central Depository Services (India) Limited to the Company, in respect of shares held in the physical form or dematerialized form, respectively.
3. In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution / Authorisation together with attached specimen signature(s) of the duly authorised signatories.
4. Members holding shares in dematerialised form are advised, in their own interest, to get their signatures verified by their Banker / Depository Participant (DP). Signatures should be verified by the Manager of

the concerned Bank / DP by affixing a rubber stamp / seal mentioning name and address of the Bank / DP and name, stamp and signature of the Manager.

5. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed envelope as all such envelopes will be sent to the Scrutinizer and any other paper found in such envelope, the same would not be considered and would be destroyed by the Scrutinizer.
6. The votes should be cast in favour of or against the Resolution by putting the tick mark (✓) in the column provided for assent or dissent. Postal Ballot Form bearing (✓) in both the column will render the form invalid. Incomplete, unsigned, incorrectly filed or bearing more than one Postal Ballot Forms will be subject to rejection by the Scrutinizer.
7. There will be one Postal Ballot Form for every Folio / Client ID irrespective of the number of joint holder.
8. The Postal Ballot shall not be exercised by a Proxy.
9. Postal Ballot Form - Votes will be considered invalid on the following grounds.
 - a) If the member's signature does not tally.
 - b) If the member has marked all his shares both in favour and also against the resolutions.
 - c) If the Ballot paper is unsigned.
 - d) If the Ballot paper is filed in pencil or signed in pencil.
 - e) If the Ballot paper is received torn or defaced or mutilated to an extent that it is difficult for the Scrutinizer to identify either the member or the number of votes or as to whether the votes are in favour or against or if the signature could not be checked or one or more of the above grounds.
10. The Scrutinizer's decision on the validity of the Postal Ballot will be final.

B) E-VOTING FACILITY

1. The Company is pleased to offer e-voting facility for the members to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. Members have an option to vote either through e-voting or through Ballot Form. If a member has opted for e-voting, then he/she should not vote by Postal Ballot also and vice-a-versa. However, in case members cast their vote both via physical ballot and e-voting, then voting through physical ballot shall prevail and voting done by e-voting shall be treated as invalid.
2. The e-voting period commences on 28.08.2014 (0930 hours) and ends on 26.09.2014 (1730 hours). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 14.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting on after 17.30 hours on 26.09.2014. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
3. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 14.08.2014.
4. Mr. R.C Singal, Proprietor of M/s. RCS & Company, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

PROCESS AND MANNER FOR E-VOTING:

The instructions for e-voting are as under:

- A. In case of members receiving e-mail from RTA/CDSL (for Members whose e-mail ids are registered with the Company/Depositories):
 - i. If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
 - ii. Log on to the e-voting website www.evotingindia.com.
 - iii. Click on "Shareholders" tab.
 - iv. Now, select the "Electronic Voting Sequence Number (EVSN)-I40809022" along with "Company Name - Vardhman Industries Limited" from the drop down menu and click on "Submit".

v. Now, fill up the following details in the appropriate boxes:

	For members holding shares in Demat Form	For members holding shares in Physical Form
User ID	For NSDL: 8 character DP ID followed by 8 digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members holding shares in physical form who have not updated their PAN with the Company are requested to use the first two letters of their name in 'Capital Letter' followed by 8 digit folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the folio number. For example: If your name is Suresh Kumar with folio number 1234 then enter SU00001234 in the PAN field. Members holding shares in Demat form who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in 'Capital Letter' followed by 8 digit CDSL/NSDL Client ID. For example: If your name is Suresh Kumar and your CDSL Demat A/c. No. is 12058700 00001234 then enter SU00001234 or if your NSDL DPID-CLID is IN300100-10001234 then enter SU10001234 in the PAN field. 	
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If details are not recorded with the Depository or the Company please enter your Folio No. / Demat A/c. No. / DPID-CLID, as the case may be, in the Dividend Bank details field. 	

- vi. After entering these details appropriately, click on "SUBMIT" tab.
- vii. Members holding shares in physical form will then reach directly to the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password, in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@#%&* _). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii. Click on the EVSN-140809022 for Vardhman Industries Limited to vote.
- ix. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xi. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

B. In case a Members receiving the physical copy of Notice of Postal Ballot (for Members whose e-mail ids are not registered with the Company/Depositories):

Please follow all steps from Sl. no. (ii) to Sl. no. (xii) above, to cast vote.

- C. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

General Instructions:

- i. The e-voting period shall commence at 09.30 hours on Thursday, 28th August, 2014 and shall end at 17.30 hours on Friday, 26th September, 2014. During this period members of the Company, holding shares either in physical or in dematerialised form, as on the record date i.e. Thursday, the 14th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

- ii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.com under help Section or write an email to helpdesk.evoting@cDSLindia.com.
- iii. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the record date i.e. Thursday, 14th August, 2014.
- iv. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

ANNEXURE TO THE NOTICE
Statement of Material Facts
(Pursuant to Section 102 of the Companies Act, 2013)

For Item No. 1

In terms of the provisions of Section 180(1)(a) of the Companies Act, 2013, and any other applicable provisions, of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, the Board of Directors of the Company cannot, except with the consent of the shareholders by way of a Special Resolution, through Postal Ballot, hive off, sell, lease, guarantee or otherwise dispose of the whole or substantially whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertakings. The mortgage and / or charge on any of the movable and / or immovable or any other tangible and intangible assets / properties and / or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company with a power to the charge holders to sell / dispose of any of the charged assets or to take over the management of the business of the Company, in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013.

The resolutions contained in item no. 1 of the accompanying Notice, accordingly, seek members' approval for hiving off, sale, lease, guarantee or creation of mortgage / charge etc. in favour of the lenders for securing the borrowing(s).

The Board recommends to the Shareholders, the passing of the Special Resolutions under the accompanying Notice, by casting their vote through the Postal Ballot Form or E-Voting as explained in the enclosed Postal Ballot Form.

None of the Directors or Key managerial personnel of the Company or their relatives are concerned or interested, either financially or otherwise, in this item of special business.

For Item No. 2

As per the provisions of Section 186 of the Companies Act, 2013, the Board of Directors of a Company can make any loan, investment or give guarantee or provide any security beyond the prescribed ceiling of i) Sixty per cent of the aggregate of the paid-up capital and free reserves and securities premium account or, ii) Hundred per cent of its free reserves and securities premium account, whichever is more, if special resolution is passed by the members of the Company.

As a measure of achieving greater financial flexibility and to enable optimal financing structure, this permission is sought pursuant to the provisions of Section 186 of the Companies Act, 2013 to give powers to the Board of Directors or any duly constituted committee thereof, for making further investment, providing loans or give guarantee or provide security in connection with loans to associate/subsidiary companies (including overseas subsidiaries) for an amount not exceeding Rs. 600 crore (Rs. Six Hundred Crores only).

The investment(s), loan(s), guarantee(s) and security(ies), as the case may be, will be made in accordance with the applicable provisions of the Companies Act, 2013 and relevant Rules made there under.

These investments are proposed to be made out of own/ surplus funds/internal accruals and or any other sources including borrowings, if necessary, to achieve long term strategic and business objectives.

The Board recommends to the Shareholders, the passing of the Special Resolutions under the accompanying Notice, by casting their vote through the Postal Ballot Form or E-Voting as explained in the enclosed Postal Ballot Form.

None of the Directors or Key managerial personnel of the Company or their relatives are concerned or interested, either financially or otherwise, in this item of special business.

By Order of the Board of Directors

PLACE : LUDHIANA
DATED : 14.08.2014

Sd/-
(RAHUL JAIN)
MANAGING DIRECTOR



VARDHMAN INDUSTRIES LIMITED

Regd. Office: 2nd Floor, Jeevan Deep Building, Parliament Street,
New Delhi-110001

Ph.: 011-23742401-02, Fax.: 011-23742403

Admn. Office: G.T. Road, Village Pawa, Sahnewal, Ludhiana-141120

Ph. No. 0161-2511412/2511413, Fax No. 0161-2511414

Website: www.vallabhgroup.com, Email: cs.vil@vallabhgroup.com

CIN: L74899DLI984PLC019492

Sl. No.

POSTAL BALLOT FORM

(Read the instructions given in the notice of Postal Ballot before proceeding to fill up the form)

1.	Name(s) of shareholder(s) (including joint holders, if any) in block letters	:	
2.	Registered Address of the sole/first named shareholder	:	
3.	Registered Folio No./DP ID No. and Client ID No.	:	
4.	Number of shares held	:	

I/We hereby exercise my/our vote in respect of the "Special Resolutions" to be passed through postal ballot for the business stated in the notice of the Company dated 14th August, 2014 by sending my/our assent or dissent to the said resolution by placing tick (✓) mark at the appropriate box below:

Description	I/We assent to the Resolution	I/We dissent to the Resolution
	For	Against
Special Resolution under Section 180 (1) (a) of the Companies Act, 2013 for authorising the Board of Directors to create/modify a charge on any of the Company's property/assets/undertakings		
Special Resolution under Section 186 of the Companies Act, 2013 for authorising the Board of Directors to give loans/guarantees and making of investments.		

Place:

Date:

(Signature of Shareholder)