



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

VIL: BSE: 2019-20

Dated: 27.09.2019

BSE Limited
Floor-27, P.J. Towers,
Dalal Street,
Mumbai- 400 001

Sub: Annual Report 2018-19 of Vardhman Industries Limited ('The Company')


Dear Sir/Madam,

With reference to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report of the Company for the Financial Year 2018-19 which has been approved by the shareholders in the 35th Annual General Meeting held today.

Request you to take the above on record.

Thanking you,

Yours faithfully,
For VARDHMAN INDUSTRIES LIMITED


(REEMA)
Company Secretary and Compliance Officer

Encl.: as above

ISO 9001



DNV

Registered Firm

Registered Office : Flat No. 1309, 13th Floor, Vikram Tower, Rajendra Place, New Delhi-110008 (India)
Phones : +91-11-25743060, Fax : +91-11-25742403

www.vardhmanindia.com



**VARDHMAN
INDUSTRIES
LIMITED**

35th
ANNUAL
REPORT
2018-2019

www.vardhmanindus.com

BOARD OF DIRECTORS

Mr. Rahul Jain

Managing Director

Mr. Ashok Kumar Jain

Independent Director

Mr. Ajay Singh

Independent Director

Mrs. Neelam Sharma

Independent Director

CHIEF FINANCIAL OFFICER

Mr. Anil Kumar Surya

STATUTORY AUDITORS

KR Aggarwal & Associates

Chartered Accountants

B-XV, 980 (2nd Floor), G.T. Road, Miller Ganj,

Adj. Gurudwara Shaheedan Pheruman, Ludhiana-141003 (Punjab)

BANKERS

State Bank of India

IDBI Bank Limited

REGISTERED OFFICE

1309, 13th floor, Vikram Tower,

Rajendra Place, New Delhi- 110008

(CIN : L74899DL1984PLC019492)

E-mail ID : cs.vil@vallabhgroup.com

Website : www.vardhmanindus.com

ADMINISTRATIVE OFFICE

G.T. Road, Pawa, Sahnewal

Ludhiana-141 120 (Punjab)

WORKS

G.T. Road, Village Beoprur

Tehsil Rajpura, Distt. Patiala (Punjab)

NOTICE

Notice is hereby given that the 35th Annual General Meeting (AGM) of the members of Vardhman Industries Limited will be held on Friday, the 27th day of September, 2019 at 11.00 A.M. at AF-1 & 2, First Floor, 2, Jaisav Place, 5006, Hamdard Marg, Hauz-Qazi, Delhi-110006 to transact the following business:-

AS ORDINARY BUSINESS

1. Adoption of financial Statements:

To receive, consider and adopt the audited Balance Sheet as at 31st March, 2019, the Audited Financial Statements of the Company for the financial year ended on that date and the Reports of Auditors and Directors thereon and the audited consolidated Financial Statements for the financial year ended March 31, 2019 together with the Report of Auditors thereon.

2. Appointment of Mr. Rahul Jain as a director liable to retire by rotation:

To appoint a Director in place of Mr. Rahul Jain (DIN: 00755312), who retires by rotation and being eligible, offers himself for re-appointment.

AS SPECIAL BUSINESS

3. To Re-appoint Sh. Rahul Jain as Managing Director :

“Resolved That pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V and rules made thereunder including the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (including any modification or re-enactment thereof for the time being in force), subject to the approval of members of the Company at the ensuing annual general meeting and any other necessary approval, if any, and subject to the consent of the Designated Authority appointed for the Company, be and is hereby accorded for the re-appointment of Sh. Rahul Jain (DIN: 00755312) as Managing Director of the Company for the period of One Year with effect from 28th August, 2019 to 27th August, 2020.

“Resolved Further that the Designated Authority be and is hereby authorized to alter and vary the terms and conditions and/or remuneration in such manner as may be agreed in accordance with the provisions of the Act, and/or any modification or re-enactment thereto and/ or the Rules/guidelines issued in this respect as in force and as amended or otherwise permissible from time to time.”

“Resolved Further that Mr. Rahul Jain shall be liable to retire by rotation and if re-appointed, the same shall not be treated as break in his services as Managing Director.”

“Resolved Further that the Designated Authority further authorize Mr. Anil Kumar Surya, CFO and/ or Ms. Reema, Company Secretary of the Company to do all such acts, deeds and things as are incidental thereto or as may be deemed necessary or desirable or expedient to give effect to this Resolution Including filing necessary intimations with Registrar of Companies, obtaining necessary approvals as may be necessary and desirable to give effect to this Resolution.”

4. Re-appointment of Mr. Ashok Kumar Jain as Independent Director

Resolved That pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and 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 40th Annual General Meeting of the Company in the calendar year 2024.”

5. Approval of remuneration of Cost Auditor:

To approve and to ratify the remuneration of cost auditor and in this regard to consider and if thought fit, to pass with or without modifications, if any, the following resolution as an Ordinary Resolution:

“Resolved That pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), payment of remuneration to M/s. Meenu & Associates, Cost Accountants (having Firm Registration No. 100729), appointed by the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020, of Rs. 30,000/- (Rupees Thirty Thousand Only) plus taxes and reimbursement of actual out of pocket expenses in connection with the aforesaid audit be and is hereby approved.”

“Resolved Further That the Designated Authority further authorize Mr. Anil Kumar Surya, CFO and/ or Ms. Reema, Company Secretary of the Company to do all such acts, deeds and things as are incidental thereto or as may be deemed necessary or desirable or expedient to give effect to this Resolution Including filing necessary intimations with Registrar of Companies, obtaining necessary approvals as may be necessary and desirable to give effect to this Resolution.”

6. Appointment of Secretarial Auditor:

To approve the appointment of the Secretarial Auditor for the financial year ending March 31, 2020 and in this regard 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 Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the consent of the Company be and is hereby accorded to the Designated Authority for appointment of M/s. RCS & Company, Company Secretaries, as the Secretarial Auditors of the Company for the financial year 2019-20 on such remuneration as may be mutually decided by the Board and the Secretarial Auditors plus taxes and actual out of pocket expenses incurred by them in connection with aforesaid audit.”

“Resolved Further That the Designated Authority further authorize Mr. Anil Kumar Surya, CFO and/ or Ms. Reema, Company Secretary of the Company to do all such acts, deeds and things as are incidental thereto or as may be deemed necessary or desirable or expedient to give effect to this Resolution Including filing necessary intimations with Registrar of Companies, obtaining necessary approvals as may be necessary and desirable to give effect to this Resolution.”

For Vardhman Industries Limited

Place: Ludhiana
Dated: 26.08.2019

Sd/-
(Reema)
Company Secretary & Compliance Officer

NOTES:

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, which sets out details relating to Special Business at the meeting is annexed herewith and forms part of this notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY FORM, IN ORDER TO BE EFFECTIVE, DULY COMPLETED, STAMPED AND SIGNED, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.**
A PERSON CAN ACT AS A PROXY ON BEHALF OF THE MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
3. Corporate Members intending to send their authorized representative(s) to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of the Board Resolution together with the respective specimen signature(s) of those representative(s) authorized under the said resolution to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the company will remain closed from Saturday, the 21st September, 2019 to Friday, the 27th September, 2019 (both days inclusive).
5. Members, Proxies and Authorised representatives are requested to bring to the meeting, the attendance slips enclosed herewith duly completed and signed mentioning therein details of their DP Id and Client ID/Folio No. (as the case may be).

6. 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).
7. As Amended by SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 dated June 08, 2018 members holding shares in physical form are mandatorily required to dematerialize their holding in order to eliminate all risks associated with physical shares. Members can contact the Company or Mas Services Limited for further assistance.
8. The Securities and Exchange Board of India (SEBI) vide circular dated April 20, 2018 as modified by circular dated July 16, 2018 has mandated the submission of Permanent Account Number (PAN) and Bank Account details by every participant in securities market. Members of the company holding shares in physical form can submit their PAN and Bank Account details to the Company/Registrar and Share Transfer Agent (RTA). **Members please note that with effect from December 05, 2018 SEBI has prescribed that transfer of securities would be carried out in dematerialized form only. Members holding shares in physical form are requested to get the same dematerialized at the earliest.**
9. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of 7 (Seven) years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by Central Government. Members who have not encashed the dividend warrants for dividend declared by the Company for the years 2011-2012 and 2013-14 are advised to write to the Registrar and Share Transfer Agent immediately for claiming their unpaid dividends.
10. 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.
11. A brief resume of Directors to be re-appointed, nature of their expertise in specific functional areas, disclosure of relationship between directors inter-se, names of Companies in which the person holds the directorship and the membership of Committees of the board and shareholding of non-executive directors as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in the annexure to this notice.
12. Copy of the Annual Report including notice of the 35th Annual General Meeting (AGM) 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 same is being sent through the permitted mode.
13. Members are requested to bring their copy of Annual Report along with them to the AGM.
14. The Registers maintained under Section 170, 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
15. The facility for voting through ballot or polling paper will also be available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting will be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
16. Members may also note that the Notice of the 35th AGM and the Annual Report for the financial year 2019-20 is also be available on the Company's website at www.vardhmanindus.com.

17. Members may also note that the equity shares of the company have been included in the list of securities for compulsory trading in dematerialized form under ISIN No. INE 458E01014. Shareholders are, therefore, advised to dematerialize their shareholding to avoid inconvenience in future. They are requested to send their Dematerialisation Request Form (DRF) through their Depository Participant (DP).

VOTING THROUGH ELECTRONIC MEANS:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rule 20 of the Companies(Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to the members facility to exercise their right to vote on resolutions proposed to be considered at the 35th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting service. The facility of casting of votes by the members using an electronic voting system will be provided by National Securities Depository Limited (NSDL).

PROCESS AND MANNER FOR E-VOTING:

The instructions for e-voting are as under:

- A. In case of members receiving e-mail from RTA/ NSDL (for Members whose e-mail ids are registered with Company/Depositories):**
- i. Open e-mail and open PDF file viz."VIL-remote e-Voting.pdf" with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
 - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - iii. Click on "Shareholders" tab.
 - iv. Put User ID and password as initial password noted in step (i) above. Click Login.
 - v. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - vii. Select "EVEN" of "**Vardhman Industries Limited**", which is **112041**.
 - viii. Now you are ready for remote e-voting as Cast Vote page opens.
 - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - xii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to jatinsingal@gmail.com with a copy marked to evoting@nsdl.co.in.
- B. In case Members receiving the physical copy of Notice of 35th Annual General Meeting (for Members whose e-mail ids are not registered with the Company/Depositories or requesting physical copy):**
- a. Initial password is provided in the Attendance Slip.
 - b. Please follow all steps from Sl. No. (ii) to Sl. No. (xii) of 'A' above to cast vote.
 - c. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of or call on toll www.evoting.nsdl.com free no.: 1800-222-990.

- d. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- e. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- f. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. Friday, 20th September, 2019, may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA, Mas Services Limited.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

- g. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

C. General Instructions:

1. The e-voting period shall commence at 9.00 a.m. on Tuesday, 24th September, 2019 and shall end at 5.00 p.m. on Thursday, 26th September, 2019. During this period members of the Company, holding shares either in physical or in dematerialized form, as on the record date i.e. Friday, 20th September, 2019, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
2. The Company has appointed Mr. Jatin Singal, Practicing Company Secretary (Membership No. FCS-9716 & C.P. No. 11976) to act as the Scrutinizer to scrutinize the voting at AGM and for e-voting process in a fair and transparent manner.
3. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
4. The results declared along with the report of Scrutinizer shall be placed on the website of the Company at www.vardhmanindus.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him and the same shall be communicated to Stock Exchange
5. Members are requested to support the "Green Initiative" by registering their E-mail address with the Company, if not already registered. Those members who have changed their E-mail ID are requested to register their new E-mail ID with the Depository Participant where shares are held in Demat mode and in case the shares are held in physical form, you may register the E-mail ID with the Registrar & Share Transfer Agent of the Company by sending a letter under your Registered Signature at the below mentioned address:

Mas Services Limited

T-34, 2nd Floor,
Okhla Industrial Area, Phase- II,
New Delhi- 110020
Phone: 011-26387281-83
Fax: 011-26387384
E-mail: info@masserv.com

For **Vardhman Industries Limited**

Place: Ludhiana
Dated: 26.08.2019

Sd/-
(Reema)
Company Secretary & Compliance Officer

ANNEXURE

EXPLANATORY STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 CONCERNING ITEMS 3 AND 4 OF SPECIAL BUSINESS (AS PART OF NOTICE):

FOR ITEM NO. 3

The tenure of appointment of Mr. Rahul Jain as Managing Director shall expire on 27th August, 2019. The Designated Authority of the Company have recommended the re-appointment of Mr. Rahul Jain as Managing Director for a further period of one year. The Designated Authority on 26th August, 2019 have re-appointed Mr. Rahul Jain as Managing Director of the Company for a further period of one year from 28th August, 2019 to 27th August, 2020.

FOR ITEM NO. 4

Mr. Ashok Kumar Jain is a director whose period of office is liable to determination by retirement of director by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

Mr. Ashok Kumar Jain being eligible and offering himself for appointment is proposed to be appointed as an Independent Director under Section 149 and all other applicable provisions of the Companies Act, 2013 to hold office upto the conclusion of the 40th Annual General Meeting of the Company in the Calendar Year 2024.

Mr. Ashok Kumar Jain is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director. Further he has given his respective declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013.

The Company has received the notices in writing from members along with the deposit of requisite amount under Section 150 of the Act proposing the candidature of Mr. Ashok Kumar Jain for the office of Directors of the Company.

The Company has also received the Declaration from Mr. Ashok Kumar Jain that he meets 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 Director is the eminent personality in his respective field. The Designated authority considers that his continued association with the Company would be of immense benefit to the Company. In the opinion of the Designated Authority, Mr. Ashok Kumar Jain fulfills the conditions for appointment as an Independent director as specified in the Act and the Listing Agreement. Mr. Ashok Kumar Jain is independent of the management.

Brief resume of Mr. Ashok Kumar Jain, nature of his expertise in specific functional areas and names of companies in which he holds directorship and membership/chairmanship 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 Director and his relatives, are in any way concerned or interested in the proposed resolution.

The Designated authority recommends the resolution as mentioned at Item No 4 for your approval.

FOR ITEM NO. 5

The company has approved the appointment and remuneration of M/s. Meenu & Associates, Cost Accountants as the Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Designated Authority, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2020.

None of the suspended Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

FOR ITEM NO. 6

The company has approved the appointment and remuneration of M/s. RCS & Company, Company Secretaries as Secretarial Auditors to conduct the audit of the Company for the financial year 2019-20 pursuant to the provisions of Section 204 of the Act read with rule 9 of the Companies (Appointment and Remuneration personnel) Rules 2014, as amended from time to time. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for appointment of the Secretarial Auditors for the financial year ending March 31, 2020.

None of the suspended Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

For Vardhman Industries Limited

Place: Ludhiana
Dated: 26.08.2019

Sd/-
(Reema)
Company Secretary & Compliance Officer

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Particulars	Mr. Rahul Jain	Mr. Ashok Kumar Jain
Date of Birth	04.10.1974	28.10.1951
Date of Appointment	20.07.1998	19.12.2005
Qualification	Graduate	Post Graduate
Experience	Widely Experienced in the Steel Industry	Widely Experience in the field of Law
Directorships in Other Companies	Vallabh Steel West Private Limited	<ul style="list-style-type: none"> ζ Malwa Cotton Spinning Mills Limited ζ Oswego Trading and Investment Company Limited ζ Crouse Investment Limited ζ Oswal Knitting and Spinning Industries Limited ζ Malwa Capital and Finance Limited ζ Bulwark Securities Private Limited ζ V S Growth Fund Private Limited
No. of Shares in the Company	370000	NIL

DIRECTORS' REPORT

To
The Members,
Vardhman Industries Limited

We have pleasure in presenting the 35th Annual Report of the Company along with the Audited Statement of Accounts for the financial year ended 31st March, 2019. The consolidated performance of the Company and its Associate Company has been referred to wherever required:

FINANCIAL RESULTS:

(Amt. ₹ In Lakhs)

Particulars	2018-19	2017-18
Revenue from Operations and Other Operating Income	7458.75	13196.69
Profit/ (Loss) before Interest, Depreciation and Tax	45.81	(2611.51)
Less:		
Finance Cost	4.42	450.87
Provision for Depreciation	590.82	592.00
Exceptional Items	---	2343.94
Taxes:		
Current Tax	---	---
Deferred tax	---	146.06
Profit/(Loss) after Tax	(549.43)	(5154.38)

FINANCIAL PERFORMANCE:

The Company has been facing numerous challenges. As the members are aware that the Company has been passing through Insolvency Process under Insolvency and Bankruptcy Code, 2016 vide order dated 16.11.2017 and in terms of order dated 17.01.2018 of Hon'ble National Company Law Tribunal, New Delhi Bench. Mr. Ashok Kumar Gulla has been appointed as Resolution Professional and the Board of Directors has been suspended since 16.11.2017 on commencement of CIRP. The company has registered Turnover and Other Income of Rs. 74.58 Crores as compared to Rs. 131.97 Crores. The total comprehensive loss for the year is placed at Rs. 8.76 Crores as Compared to a loss of Rs. 53.56 Crores in the previous year.

INDUSTRY AND ECONOMIC SCENARIO:

Due to adverse Global conditions and it has also manifested in a series of price cuts for the domestic steel industry during the year, leading to a squeeze on margins earned by steel producers.

India is the third largest steel producer in the world after China and Japan. In the year of 2016, India produced higher finished steel. Driven by rising infrastructure development and growing demand for automotives, steel consumption is expected to grow in future. The Government of India has allowed 100 percent Foreign Direct Investment (FDI) in the steel sector under automatic route. India's prospects are brightening due, the reform momentum and policies to increase infrastructure manufacturing output. India's steel demand is likely to increase in years to come. Going forward, implementation of policy measures already announced, structural reforms and government investment in infrastructure will be critical to India's economy.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

As stated above the Company is passing through Insolvency Resolution Process, M/s JSW Steel Limited had submitted a proposal for Resolution Plan to the Resolution Professional which when put upto the Committee of Creditors (COC) has been approved and the Company has conveyed this to Bombay Stock Exchange. As on the date of this Report, Resolution Plan is pending for approval with the Hon'ble National Company Law Appellate Tribunal.

CHANGE IN THE NATURE OF BUSINESS; IF ANY:

During the year under review, there have been no changes in the nature of business of the Company.

SHARE CAPITAL:

The Company's paid up equity share capital as at March 31, 2019 stood at Rs. 7,89,52,000/- comprising of 78,95,200 equity shares of Rs. 10/- each. During the year under review, the Company has not issued any fresh shares.

EXPORTS:

There were no Exports during the period under review.

DIVIDEND AND RESERVES:

In view of losses, during the year under review, the Board has not proposed to transfer any amount to reserves further the Board has not recommended any dividend for the financial year 31.03.2019.

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 2019-20.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits from the Public during the year within the ambit of Section 73 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

Pursuant to the provisions of the Companies Act, 2013 (Act), Appointment of Mr. Rahul Jain, Managing Director (having DIN No. 00755312), expires on 27th August, 2019 and his re-appointment for further period of one year from 28th August, 2019 to 27th August, 2020 is proposed for approval of shareholders at the upcoming Annual General Meeting of the Company.

Mr. Ashok Kumar Jain who was appointed as an Independent Director and whose term expires at the upcoming AGM and his further appointment for the period of 5 years till the conclusion of 40th Annual General Meeting to be held in the Calendar Year 2024.

In view of the Position explained above and the Company being under Resolution Process the Board of Directors of the Company is under suspension w.e.f. 16.11.2017. Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnels of the Company are Mr. Anil Kumar Surya, (Chief Financial Officer) and Ms. Reema (Company Secretary).

INTERNAL FINANCIAL CONTROLS:

Your Company has an adequate system of internal control in place which has been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting as detailed in Management Discussions and Analysis.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS:

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178 of the Companies Act, 2013 has been disclosed in the Corporate Governance Report, which forms part of this report.

MEETINGS:

Since the Company has been undergoing CIRP from 16th November, 2017 the Board of the Company has been suspended and hence, there was no Board Meetings held during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Designated authority is pleased to present the Management's Discussion and Analysis of operations for the year ended March 31, 2019 attached as **Annexure-I** which forms part of this Annual Report.

CORPORATE GOVERNANCE:

Your Company is committed to maintain highest standards of Corporate Governance and adheres to the corporate governance requirements as set out by Securities and Exchange Board of India ('SEBI'). Pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed report on Corporate Governance is attached as **Annexure-II** and forms part of this Annual Report. The Company is in compliance with the various requirements and disclosures that have to be made in this regard. A certificate from the Auditors confirming compliance of the conditions of Corporate Governance as stipulated under the Listing Regulations is attached and forms part of this Annual Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a Vigil Mechanism named Fraud and Risk Management Policy to deal with instance of fraud and mismanagement, if any. In staying true to our values of Strength, Performance and Passion and in line with our vision of being one of the respected companies in India, the Company is committed to the high standards of corporate Governance and stakeholder's responsibility.

The Company has established a Whistle Blower Policy and the same has been uploaded on the Company's website www.vardhmanindus.com. The said policy has also been made available at the offices/ manufacturing units to enable the employees to report their concerns, if any, directly to the Chairman of the Board and to the Chairman of the Audit Committee. The new employees are also given details of Whistle Blower Policy at the time of joining the Company. There were no occasions during the year under review where any concerns were reported under the said policy.

REPORT ON PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY/ASSOCIATE COMPANY:

Your Company holds 23.10% stake in the Equity Share Capital of JSW Vallabh Tinplate Private Limited which become its Associate Company by virtue of Section 2(6) of the Companies Act, 2013.

CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Accounting Standard issued by the Institute of Chartered Accountants of India (ICAI) and forms an integral part of this report.

Pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing performance & salient features of the financial statement of subsidiary is given in Form-AOC-1 attached as **Annexure-III** which forms integral part of this report.

Further, pursuant to the provision of Section 136 of the Act, the financial statements of the company, consolidated financial statements along with relevant documents and separate report are available on the website of the Company.

RELATED PARTY TRANSACTIONS:

All the related party transactions that were entered into during the financial year were on arm's length basis, in the ordinary course of business and are in compliance with the provisions of the Companies Act, 2013 and the Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC-2 are attached as **Annexure-IV** and form integral part of this report. None of the Independent Directors has any pecuniary relationships or transactions vis-à-vis the Company.

There have been no materially significant related party transactions between the Company and the Key Managerial Personnel or other designated Persons, Promoters, Directors, the management or the relatives except for those disclosed in the financial statements which may have potential conflict with the interest of the company at large.

All the related Party Transactions are placed before the Audit Committee and also to the Board for approval. Prior omnibus approval was obtained for transactions and a statement giving details of all related party transactions are placed before the Audit Committee and the Board for review and approval on a quarterly basis. The Policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company i.e. www.vardhmanindus.com.

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.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed hereto marked as **Annexure-V** and forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

Corporate Social Responsibility was not applicable to the Company for the financial year under review. The Philosophy of the company works with objectives of contributing to the sustainable development of the society and to create a greener and cleaner environment around us.

EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of section 92(3) of the Act, the details forming part of the extract of the Annual Return in form MGT-9, for the Financial Year 2018-19 is annexed to this Report as **Annexure-VI**.

AUDITORS & THEIR REPORTS:

a) STATUTORY AUDITORS:

K. R. Aggarwal & Associates, Chartered Accountants (Firm Regn. No. 030088N) were appointed as Statutory Auditors of the Company at the 33rd Annual General Meeting (AGM) of the Company held on 29th September, 2017 for a period of five years i.e. till the conclusion of 38th AGM (to be held in calendar year 2022) subject to ratification of their appointment at every AGM of the Company. However the proviso to Section 139(1) of the Companies Act, 2013 has been omitted w.e.f. 7th May, 2018 by the Companies Amendment Act, 2017 and as such the notice for this 38th AGM does not include the proposal seeking ratification of the appointment of Statutory Auditors. Further the Auditors have confirmed their eligibility under section 141 of the Companies Act, 2013 and the Rules made thereunder.

As required under Regulation 33(1)(d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Audit 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. The Auditors' Report contains qualifications on significant amount is receivable from related parties under the head loans and capital advances which have been standing in the books of account since long whose recoverability is also doubtful as one of the parties has also went into CIRP process, no provision for such doubtful receivables has been made by the company. It is submitted that the Company has filed its claim with Resolution Professional of the party which has also been undergoing CIRP. There is no incidence of fraud requiring reporting by the Auditors under Section 143(12) of the Companies Act, 2013.

b) COST AUDITORS:

As per the requirement of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been getting audit of cost records of the Company every year.

The Designated Authority has approved the appointment of M/s. Meenu & Associates, Cost Accountants, Ludhiana (Firm Registration no. 100729) as the Cost Auditors of the Company for the year ending 31 March, 2020, on a remuneration of Rs. 30,000/- (Rs. Thirty Thousand) plus service tax as applicable and reimbursement of out of pocket expenses. The remuneration is subject to the ratification of the Members in terms of Section 148 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and is accordingly placed for your ratification in the notice calling the 35th Annual General Meeting.

Audit Report: M/s. Meenu & Associates have also been the Cost Auditors of the company for the financial year 2018-19. The Cost Audit Report for the financial year 2018-19 will be filed by the company with the Ministry of Corporate Affairs (MCA) within the stipulated time as per the provisions of the Companies Act, 2013.

c) SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. RCS & Company, Company Secretaries in Practice (C.P. No. 3154) to undertake the Secretarial Audit of the Company for the financial year 2019-20. The Secretarial Auditors has also issued Secretarial Compliance Report for the financial year 2018-19 ended on 31.03.2019. The Secretarial Compliance Report is annexed to this Board Report as **Annexure - VII**.

Audit Report: M/s. RCS & Company have also been the Secretarial Auditors of the Company for the financial year 2018-19. The Report of the Secretarial Audit carried out for the financial year 2018-19 is annexed to this Report as **Annexure VIII**. As stated in clause 4 of the Secretarial Audit Report, as regards observations of Secretarial Auditors regarding non-transfer of funds to IEPF, we have to state that State Bank of India, where the Company's unpaid dividend account has been maintained and marked a lien on the Account and the Company had informed the IEPF Authorities about the same well within the stipulated date of transfer of funds to IEPF.

RISK MANAGEMENT COMMITTEE:

The Risk Management Committee of the Company is constituted under the chairmanship of Mr. Ajay Singh and other members being Mr. Rahul Jain and Mr. Ashok Kumar Jain . No meeting of Committee was held during the financial year 2018-19.

Risk Management Policy:

The Risk Management Policy is formulated and implemented by the Company. The Policy helps to identify the various elements of risks faced by the Company, which in opinion of the Designated authority threatens the existence of the Company. The Risk Management Policy as approved by the Board is uploaded on the Company's website at the web link www.vardhmanindus.com.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

As per provisions of Section 186 of the Companies Act, 2013, the company has neither given any loans nor provided any guarantee.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

The Resolution Plan as submitted by M/s JSW Steels Limited being Resolution applicant approved by Committee of Creditors (COC) was further approved by Hon'ble NCLT New Delhi Bench on 19th December, 2018. The Resolution Applicant chose to appeal before the Hon'ble NCLAT on some issues involved in the orders of Hon'ble NCLT New Delhi Bench which is still pending for disposal.

GENERAL:

Your Directors state that no reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme. Further the company does not have a scheme for purchase of its own shares by employees or by trustees for the benefit of employees.

The Company has a zero-tolerance approach towards sexual-harassment at workplace. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety to all concerned compliances of environmental regulations and preservations of natural resources.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

In terms of Section 125 of The Companies Act, 2013, unclaimed or unpaid Dividend relating to the financial year 2009-10 could not be remitted as stated in independent audit report.

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

Information in accordance with the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given hereunder:

I. CONSERVATION OF ENERGY:

- a) Energy Conservation measure taken: The Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and savings of energy is achieved.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: No specific investment has been made.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production: Impact of measures taken is not quantitative and as such cannot be stated accurately.

- d) Total Energy consumption per unit of production as per form 'A' to the Rules in respect of industries specified in schedule hereto:

A. Power & Fuel Consumption		2018-19	2017-18
Electricity -Purchased			
CC Coils/ Sheets			
Purchased Units	Units	498000	893190
Total Amount	Rs.	4064373	64,51,567
Rate Per Unit	Rs.	8.16	7.22
B. CONSUMPTION PER UNIT OF PRODUCTION:			
CC Coils/ Sheets			
Electricity	Rs.	428	410
Coal & Fuel	Mt.		
-Diesel	Rs.	---	---
-Husk	Rs.	---	---
-Gas	Rs.	1096	926

II. R & D AND TECHNOLOGY ABSORPTION:

Your Company has always been making best efforts towards technology absorption, adaptation and innovation to improve the quality of its products being manufactured at its various units and to reduce the cost of production. The efforts on Research & Development is a continuous process but the expenditure cannot be stated accurately. Further the Company has not procured imported technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) 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 Kuwait, Namibia and Nepal 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.

(Amt. in Rupees)

b) Total Foreign Exchange used and earned:	2018-19	2017-18
Foreign Exchange Used (CIF Value of Imports)	---	---
Foreign Earnings (FOB value of Exports)	---	1,21,68,188

1. DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of knowledge and belief and according to the information and explanations obtained by them, your directors make the following statements in terms of Section 134 (3) (c) and Section 134 (5) of the Companies Act, 2013:

- That in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- That they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and the profit or loss of the Company for the year ended on that date;
- That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That they had prepared the annual accounts for the financial year ended on 31st March, 2019 on a going concern basis;
- That the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- That the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

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.

For **Vardhman Industries Limited**

Place: Ludhiana
Dated: 26.08.2019

**Sd/-
(Ajay Singh)
Director
Din: 07746342**

**Sd/-
(Rahul Jain)
Managing Director
Din: 00755312**

ANNEXURE - I TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

(a) Industry Structure and Development:

The management of Vardhman Industries Limited presents its analysis report covering performance and outlook of the Company. The Indian Steel Industry remains one of the most competitive steel industries in the world. However, there is a need to create a fair level playing field amidst supply glut caused by surplus capacities in steel surplus countries. India has emerged as one of the brightest spots in the world grappling with economic turbulence and fragile growth. In the financial year 2018-19 growth rate is estimated around 7% driven by the fundamentals of strong consumption and the government's push for streamlining the business processes. Focus on infrastructure creation, extensive urbanization/ Smart Cities, Make in India, startups and promoting affordable housing policy initiatives by the Government of India augers well for healthy growth in Steel demand in India in the years to come.

There has been a sharp contraction in exports besides pressure of increased NPAs and stressed assets. Despite all this, the Steel Industry in India and at global level trying to perform well. Even though the Steel Industries is poised for handsome growth but there are challenges also for the global economy which include increasing protectionism in various countries, increasing global debt and rising interest rates and rising crude oil prices. Beside there is also a big challenge in currency fluctuations worldwide and U.S. Dollar vis-à-vis Indian Rupee for the Indian Economy.

The consumer confidence remains upbeat, while the corporate sector's expectations of business conditions also remain positive. Overall, the Indian economy is poised to realize the benefits of higher government spending, policy initiatives, rural demand and continuing reforms and thrust on infrastructure development.

Steel demand in India is expected to grow in the current year on the back of reform momentum in India that remains better than in many countries. The construction industry is expected to rise further due to government's thrust on Housing Sector. Hence, it is expected that domestic steel demand is going to register healthy growth soon and for the long time as well.

Indian Economy:

The Government of India introduced the Goods and Services Tax Act (GST), two years ago besides other economic measures like Promulgation of Insolvency and Bankruptcy Code to improve asset quality of Banks which will further result in growth of the economy and enhance the ease of doing business in India. The fundamentals of Indian economy continued to improve during the year.

(b) Company's Performance:

(i) Product Portfolio:

Your Company is mainly engaged in the manufacturing and marketing of CC Coils/Sheets which fall within the single segment of "Iron & Steel Industry."

(ii) Highlights: The highlights of the financial year 2018-19 have been as under:

The Company recorded a loss of Rs. 549.43 lakhs as compared to loss of Rs. 5154.38 lakhs in the previous year.

Various measures launched during the year to improve the quality of cut ends in final products.

The Company has been able to meet its raw material requirement without compromising on quality and production schedules

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

The basic aim of the Company is to become capable to produce Iron and Steel products as per market requirements and thus be able to manage market trends to its advantage. Opportunities abound in growing economies and opening up of economy in India has created opportunities for Indian enterprise to move beyond national boundaries as well to create productive assets.

The Company is engaged in steel and steel related products activity. The outlook for the industry looks promising. Indian Steel demand did very well showing an upward trend, setting a road ahead for the growth of the domestic steel industry in the years to come.

Competition in Steel Industry is escalating and technological changes will spur or drag the forward march of individual units in steel industry. Supply side could also be an issue in next few years because of increase in production capacity by steel industry in India and expression of interest by foreign companies to set up new steel making units. The Company's thrust on improving productivity and reducing cost of production will, in such a scenario, help in forging ahead in globally competitive environment. Global economic uncertainties have affected India's economy. Key risks synonymous to industry include the increase in financial charges, non-

-availability of raw materials, such as iron-ore, coal and labour etc., coupled with market fluctuations. The Company does not apprehend any inherent risk in the long run. However following factors 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. Underdeveloped infrastructure curtailing growth prospects.
3. The supply and demand imbalance due to new capacities coming on stream which may have negative impact on the plant utilization and steel prices.
4. Unexpected reduced growth of the manufacturing sector impacting demand.
5. Quantitative restrictions and/or additional tariffs of exports from India by importing countries.
6. Unpredictable and sharp cyclical movements in the raw material and other input prices.
7. Any change in Govt. Policies pertaining to steel industry may affect the profitability.

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 are expected to improve also in the times ahead. Your company by virtue of quality and market oriented specification of its products has posted profitable operations during the most trying times in the past. As such current conditions may pave a way for improved performance in future.
2. Well established customers base for the last over 35 years.
3. 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.
4. Your Company has strategic advantage as its units are located in the industry friendly areas having all infrastructural amenities.
5. Your Company is working out on various proposals for tie-up with large steel producers for lifting its production on regular basis.

Thus, your company stands in good stead to avail the opportunities and also to take head on successfully the areas posing risks, concerns and threats to it.

(d) Environment Safety:

During the year the company continued with the implementation of occupational health and safety, quality and environmental protection measures and these are ongoing process at the company's manufacturing facilities. Other factors for the environmental safety which the company has followed include conservation of resources through waste reduction, training of employees and adoption of cleaner technologies.

(e) Risks and Concerns:

A Risk Management Policy (Policy) has been adopted by the Company which aims to detail the objectives and principles of risk management along with an overview of the process and related roles and responsibilities. The Policy lays down Company's approach towards risk mitigation, its risk management objectives and defines the risk management framework of the organization.

In order to ensure that the management controls risk in adherence to the policy, the Audit Committee as well as the Board of Directors of the Company periodically review the risk assessment and risk minimization procedure.

The key business risks identified by the Company and its mitigation plans are as under:

i. Risk related to Personnel:-

Our business is increasingly dependent on the skills and competencies of our employees and management team. The general war for talent in our growing economy has created a substantial risk related to the retention of key personnel both in manufacturing and managerial levels. This risk is mitigated through effective HR policies relating to recruitment and retention and a proactive remuneration and rewards policy that is periodically reviewed at the highest management level. With excellent performance track as well as best HR practices, we are able to attract and retain people for growth of our business.

ii. Risk related to Safety:-

The company has taken adequate insurance covers to indemnify the risks associated with the safety of personnel, building, stock, Plant & Machinery and other infrastructure of the Company. These include:

- i) Fire Insurance Policies
- ii) Various Breakdown Policies
- iii) Theft Insurance Policies

The company has also taken steps to strengthen IT security system as well as physical security system at all its locations.

iii. Compliance Related Risks:-

The Company is committed to being a responsible corporate citizen and respects the laws and regulations of the country. All the compliances under various laws applicable to the Company, including Companies Act, 2013, Factories Act, 1948 and Income Tax Act 1961 etc., are followed in letter & spirit.

(f) Internal Financial Control System and its adequacy:

Your Company has a robust internal control system, which is constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal audit is entrusted to M/s. Gupta Sanjeev & Co., Chartered Accountants, (FRN: 005365N). The main thrust of internal audit is to test and review controls of various departments and areas. The reviews and findings by the Internal Auditors are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

The Company has modified the scope and coverage for audits with a focus on the Internal Control on Financial Reporting (ICFR) framework. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggest improvements to strengthen the same. The Company has an effective Management information system, which is an integral part of the control mechanism.

(g) Cautionary statement:

Certain statements in this report concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth. Intense competition within Steel Industry including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, our ability to successfully complete and integrate potential acquisitions, the success of the companies in which the company has made strategic investments, withdrawal of governmental incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, general economic conditions affecting our industry. The Company does not undertake to update any forward looking statements that may be made from time to time by or on behalf of the Company.

ANNEXURE - II TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019 in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Governance Philosophy of Vardhman Industries Limited ("The Company") is based on trusteeship, transparency, accountability and equity. As a corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of our stakeholders. The Company's Code of Business Conduct and Ethics, internal code of conduct for regulating, monitoring and reporting of trades by Insiders are the regulatory compliances duly updated by the Company from time to time.

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 dictated by statutory requirements.

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.

The Company's governance framework is based on the following Principles:

- ζ Appropriate composition and size of the Board, with each member bringing in expertise in his respective domain;
- ζ Availability of information to the members of the Board and Committees to enable them to discharge their fiduciary duties;
- ζ Timely and accurate disclosures to Stakeholders from time to time;
- ζ Systems and processes in place for internal control; and
- ζ Adherence of business conduct by the Board, Senior Management and its employees.

Your Company confirms the compliance of Corporate Governance as contained in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR Regulations)") as amended.

II. BOARD OF DIRECTORS:

- (i) As on March 31, 2019 the strength of Board of the Company comprises of Four Directors. Of the four Directors, three are non-executive independent directors and one is Executive Director. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013.
- (ii) None of the Directors on the Board holds directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a director. Necessary disclosures regarding Committee positions in other companies as on March 31, 2019 have been made by the Directors.
- (iii) Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Companies Act, 2013. The names and categories of Directors on the Board, their attendance at the Board meetings held during the year and the number of Directorships and Committee Chairmanships /Memberships held by them in other public Companies as on March 31, 2019 are given hereunder. Other directorships do not include directorships of foreign companies and companies under Section 8 of the Act.

Chairmanships/Memberships of Board Committees includes only Audit Committee and stakeholders' Relationship Committee:

Name of Director	Category	Number of Board meeting during 2017-18		Whether attended last AGM held on 30.10.2018	Number of Directorships in other Indian Companies		Committee Membership and Chairmanship in other Companies		No. of equity shares
		Held	Attended		Private	Public	Chairman	Member	
Mr. Rahul Jain (Managing Director) DIN:00755312	Non-Independent, Executive	N.A.	N.A.	Yes	1	--	--	--	3,70,000
Mr. Ashok Kumar Jain (Director) DIN: 00027116	Independent, Non-Executive	N.A.	N.A.	Yes	1	2	--	--	--
Mrs. Neelam Sharma (Director) DIN: 07656064	Independent, Non-Executive	N.A.	N.A.	N.A.	--	--	--	--	--
Mr. Ajay Singh (Director) DIN: 07746342	Independent, Non-Executive	N.A.	N.A.	N.A.	--	--	--	--	--

- (iii) As stated in Director's Report the Board of Directors remained under suspension during the period under review since the orders of Hon'ble NCLT on account of Corporate Insolvency Resolution Process dated 16.11.2017.
- (iv) During the financial year 2018-19 no Board Meeting was held due to suspension of Board.
- (v) During the year 2018-19 information as mentioned in Schedule II of Part A of the SEBI Listing Regulations, as applicable could not be placed before the Board for its consideration on account of its suspension and currency of CIRP.
- (vi) As stipulated in the Code of Conduct for Independent Directors under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year 2018-19 a separate meeting of the Independent Directors was not held due to suspension of Board vide order of Hon'ble NCLT, New Delhi.
- (vii) The Designated Authority periodically reviews the compliance reports of all laws applicable to the company.
- (viii) The Company has organized familiarization programme for Independent Directors with regard to their roles, rights, responsibilities in the Company nature of the industry in which the Company operates, the business model of the Company etc. The details of familiarization programme imparted to the independent Directors during the year are available on the Company's website at www.vardhmanindus.com.
- (ix) All Independent Directors are Non-Executive Directors. Details of equity shares of the company held by non-executive directors as on March 31, 2019 are Nil. The Company has not issued any convertible instruments.

III. COMMITTEES OF THE BOARD:

(A) AUDIT COMMITTEE:

Composition of Audit Committee:

The Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the company's internal controls and financial reporting process. It is constituted in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements), 2015. All members of the Audit Committee are financially literate and bring in expertise in the field of Finance, Taxation, Economics and Risk Management. The re-constituted Audit Committee comprises of the following directors:

Sr. No.	Name of Director	Nature of Directorship	Designation in Committee
1	Mr. Ajay Singh	Non-Executive Independent Director	Chairman
2	Mr. Ashok Kumar Jain	Non-Executive Independent Director	Member
3	Mrs. Neelam Sharma	Non-Executive Independent Director	Member

All these members are non-executive independent directors of the Company

Terms of reference:

The terms of reference of the Audit Committee are broadly are as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendations for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act.
 - ii. Changes, if any, in accounting policies and practices and reasons for the same.
 - iii. Major accounting entries involving estimates based on exercise of judgement by management.
 - iv. Significant adjustments made in the financial statements arising out of audit findings.
 - v. Compliance with listing and other legal requirements relating to financial statements.
 - vi. Disclosure of any related party transactions.
 - vii. Qualification in the draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval;
6. Approval or any subsequent modification of transactions of the Company with related parties.
7. Scrutiny of inter-corporate loans and investments.
8. Examination of the financial statement and the auditors' report thereon
9. Valuation of undertakings or assets of the company, wherever it is necessary.
10. Evaluation of internal financial controls and risk management systems.
11. Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed.
12. To call for the comments of the auditors about internal control systems, the scope of audit including the observations of the auditors and review of financial statement before their submission to the board and may also discuss their submission to the board and may also discuss any related issues with the internal and statutory auditors and the management of the company; and
13. To review the information required as per SEBI Listing Regulations.

Meetings and Attendance:

During the financial year 2018-19 no Audit Committee Meeting was held due to suspension of Board.

Sr. No.	Name of Director	Position	Category	No. of Meetings Attended
1.	Mr. Ajay Singh	Chairman	Independent, Non-Executive Director	N.A.
2.	Mr. Ashok Kumar Jain	Member	Independent, Non-Executive Director	N.A.
3.	Mrs. Neelam Sharma	Member	Independent, Non-Executive Director	N.A.

Role of the Audit Committee:

The Audit Committee inter-alia performs the functions of approving Annual Internal Audit Plan, reviews of financial reporting system, internal control systems, discussion on quarterly, half-yearly and annual financial results, interaction with Statutory and Internal Auditors, recommendation for appointment of Statutory and Cost auditors and their remuneration, recommendation for appointment of and remuneration of Internal Auditors, Review of Internal Audit reports, significant related party transactions and other terms of reference, as applicable from time to time. The Board has framed the Audit Committee Charter for the purpose of effective compliance of provisions of Section 177 of the Companies Act, 2013 and Listing Regulations. 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.

(B) NOMINATION AND REMUNERATION COMMITTEE:
Composition:

The Committee composition meets with Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The re-constituted Committee comprises of the following directors:

Sr. No.	Name of Director	Nature of Directorship	Designation in Committee
1	Mr. Ajay Singh	Non-Executive Independent Director	Chairman
2	Mr. Ashok Kumar Jain	Non-Executive Independent Director	Member
3	Mrs. Neelam Sharma	Non-Executive Independent Director	Member

Meeting Details:

During the financial year 2018-19 no Nomination and Remuneration Committee Meeting was held due to suspension of Board.

Sr. No.	Name of Director	Position	Category	No. of Meetings Attended
1.	Mr. Ajay Singh	Chairman	Independent, Non-Executive Director	N.A.
2.	Mr. Ashok Kumar Jain	Member	Independent, Non-Executive Director	N.A.
3.	Mrs. Neelam Sharma	Member	Independent, Non-Executive Director	N.A.

Terms of Reference:

The broad terms of reference of nomination and remuneration committee are as under:

- To identify the persons who are qualified to become Directors and members of Senior Management and to recommend to the Board, to set up and composition of the Board and its committees, including the formulation of the criteria for determining qualifications, positive attributes and independence of a director.
- Devise a policy on Board diversity.
- Recommend to the Board appointment of Key Managerial Personnel ('KMP' as defined by the Act) and executive team members of the Company.
- To formulate a criteria of evaluation of performance of independent directors and the Board of Directors.
- To recommend/ review remuneration of the Managing Director and Whole time Director based on their performance and defined assessment criteria.
- To decide whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.
- To carry out any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification, as may be applicable.

Remuneration Policy:

The Remuneration Policy of the Company is designed to attract, motivate and retain manpower. The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and to determine their remuneration. The Policy provides guidelines to the Committee relating to appointment, removal and remuneration. It provides criteria for determining qualifications, positive attributes and independence of a director. This policy applies to directors, senior management including its Key Managerial Personnel (KMP) and other employees of the Company. The remuneration of the Managing Director, Executive Directors, Key Managerial Personnel (KMPs) and other employees of the Company is based on the performance evaluation. The Company pays remuneration by way of Salary, perquisites to its Managing Director. The detailed policy is as follows:

A) Criteria of selection of Non- Executive and Independent/Non-Independent Directors:

- a) The Non- Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b) In case of appointment of Independent Directors, the Nomination and Remuneration Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c) The Nomination and Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d) Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee for appointment as Independent Directors on the Board.
- e) The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such person(s) in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.
- f) The Nomination and Remuneration Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as a Director:-
 - i. Qualification, expertise and experience of the Directors in their respective fields;
 - ii. Personal, Professional or business standing; and
 - iii. Diversity of the Board.

In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Directors and their engagement level.

B) Criteria for selection /appointment of Managing Director:

For the purpose of selection of the MD, the Nomination and Remuneration Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

C) Remuneration for Managing Director:

- i. At the time of appointment or re-appointment, Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination and Remuneration Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Companies Act, 2013.
- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. In determining the remuneration (including the fixed increment and performance bonus) the Nomination and Remuneration Committee shall ensure / consider the following:
 - a. the relationship of remuneration and performance benchmarks is clear;
 - b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - c. responsibility required to be shouldered by the Managing Director, the industry benchmarks and the current trends;
 - d. the Company's performance vis-à-vis the annual budget achievement and individual performance.

Details of Remuneration:

The company pays remuneration to the Managing Director as approved by the members of the company in the general body meeting. The detail of remuneration paid to him during the year 2018-19 is given below:

(Amount in Rs.)

Name	Designation	Salary	Perks	Total
Mr. Rahul Jain	Managing Director	24,00,000/-	2,09,247/-	26,09,247/-

Non-executive independent directors have not been paid any remuneration during 2018-19.

D) Remuneration Policy for the Senior Management Employees:

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Senior Personnel) the Nomination and Remuneration Committee shall ensure / consider the following:

- the relationship of remuneration and performance benchmark is clear;
- the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- the remuneration including annual increment is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance.

E) Performance Evaluation of Board:

During the financial year, formal annual evaluation of the Board could not be made due to suspension of Board on account of currency of CIRP.

No separate meeting of Independent directors was held to evaluate and review the performance of Managing Director, performance of the Board as a whole due to commencement of Corporate Insolvency Resolution Process.

(C) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Composition of the Committee:

The Stakeholders' Relationship Committee is re-constituted in line with the provisions of Section 178 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. Presently the committee comprises of the following directors:

Sr. No.	Name of Director	Nature of Directorship	Designation in Committee
1	Mr. Ajay Singh	Non-Executive Independent Director	Chairman
2	Mr. Rahul Jain	Executive, Non-Independent Director	Member
3	Mr. Ashok Kumar Jain	Non-Executive Independent Director	Member

Terms of reference:

The broad terms of reference of the stakeholders' relationship committee are as under:

- To Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend / notice/ annual reports etc. and all the securities holders' related matters.
- To Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities etc.

Meetings and Attendance:

During the financial year 2018-19 no Stakeholders Relationship Committee Meeting was held due to suspension of Board.

Sr. No.	Name of Director	Position	Category	No. of Meetings Attended
1.	Mr. Ajay Singh	Chairman	Independent, Non-Executive Director	N.A.
2.	Mr. Rahul Jain	Member	Non-Independent, Executive Director	N.A.
3.	Mr. Ashok Kumar Jain	Member	Independent, Non-Executive Director	N.A.

Name, Designation & Address of Compliance Officer:

Ms. Reema
 Company Secretary & Compliance Officer
 Vardhman Industries Limited
 Address: G.T. Road, Village Pawa,
 Sahnewal, Ludhiana-141120, Punjab (India)
 Telephone: +91-161-2511412-13
 Fax: +91-161-2511414

Details of investor complaints received and redressed during the year 2018-19 are as follows:

Opening Balance	Received during the year	Resolved during the Year	Closing Balance
NIL	01	01	NIL

I. GENERAL BODY MEETINGS:

a) Annual General Meeting (“AGM”):

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

Meeting	Day, Date & Time of Meeting	Venue	No. of Special Resolutions Passed
34 th AGM 2017-18	Tuesday, 30.10.2018, 11.00 A.M	AF 1 & 2, First Floor, 2, Jaisav Place, 5006,	Four
33 rd AGM 2016-17	Friday, 29.09.2017, 1.00 P.M	Hamdard Marg, Hauz Qazi, Delhi	None
32 nd AGM 2015-16	Friday, 30.09.2016, 1.00 P.M	Delhi	One

b) Extra Ordinary General Meeting (“EGM”):

No Extra-Ordinary General Meeting was held during the financial year 2018-19 .

c) Postal Ballot:

No special resolution was passed through Postal ballot during the last financial year ended 31st March, 2019. There is no immediate proposal for passing any resolution through postal ballot.

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through postal ballot .

II. OTHER DISCLOSURES:

i. Disclosure on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations during the financial year were on an arm's length price basis and in the ordinary course of business. During the Financial Year 2017-18, the Company did not have any material pecuniary relationship or transactions with Independent and Non-executive Directors.

ii. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange or the Board or any statutory authority, on any matter related to capital markets, during the last three years:

Penalty for non-compliance of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for submission of Financial Results for the quarter ended on March 31, 2019.

Penalty for non-compliance of Regulation 6(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for non-appointment Company Secretary as a Compliance Officer for the quarter ended on December 31, 2018 and March 31, 2019.

iii. Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee:

The Company has established the necessary vigil mechanism as defined under regulation 22 of the SEBI Listing Regulations for directors and employees to report concerns about unethical behaviour. The mechanism provides for adequate safeguard against the victimization of employees and Directors who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in exceptional cases. None of the personnel of the company has been denied access to the audit committee. The said policy has also been placed on the website of the company at www.vardhmanindus.com.

iv. Details of Compliance with mandatory requirements and adoption of the non-mandatory requirement of this clause:

The Company has complied with all mandatory requirements of corporate governance and duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations:

- i) The auditors' report on statutory financial statements of the company are qualified.
- ii) Mr. Rahul Jain is the Managing Director of the Company.

v. Web link where policy for determining material subsidiaries is disclosed:

During the financial year 2018-19, the said clause was not applicable.

vi. Web link where policy on dealing with related party transactions:

The said policy is available on the website of the company at www.vardhmanindus.com.

vii. Disclosure of Commodity Price Risks and Commodity Hedging Activities:

Not applicable

III. SUBSIDIARY/ASSOCIATE COMPANIES:

The Company does not have any subsidiary company. However, the company has an associate company by virtue of section 2(6) of the Companies Act, 2013. The details of the Associated Company have been provided in the Directors' Report and the consolidated balance-sheet has been provided in the financial statements.

IV. MEANS OF COMMUNICATION:

All important information relating to company's financial performance, shareholding pattern, quarterly results, audited annual results, annual reports etc. regularly posted on the company's website at www.vardhmanindus.com and have also been submitted to Stock Exchange to enable them to put them on their website and communicate to their members. The approved financial results are forthwith sent to the Stock Exchange and are published in a National English and Vernacular Newspapers.

V. GENERAL SHAREHOLDERS INFORMATION:

i. 35th Annual General Meeting:

Date	:	September 27, 2019
Time	:	11:00 A.M.
Venue	:	AF 1 & 2, First Floor, 2, Jaisav Place, 5006, Hamdard Marg, Hauz Qazi, Delhi-110 006

ii. Financial Calendar:

Financial Year	:	April 1st, 2019 to March 31st, 2020
First Quarter Results	:	14th August, 2019
Second Quarter Results	:	By middle of November, 2019
Third Quarter Results	:	By middle of February, 2020
Fourth Quarter and audited Annual Results 2018-19	:	In the month of May, 2020

- iii. Date of Book Closure** : from Saturday, 21st September, 2019 to Friday, 27th September, 2018 (both days inclusive)
- iv. Dividend Payment Date** : No dividend was declared for the financial year 2018-19
- v. Listing on Stock Exchange** : Equity Shares
BSE Limited (“BSE”)
25th Floor, P.J. Towers, Dalal Street,
Mumbai-400 001
- vi. Stock Code** : 513534
- vii. Corporate Identity Number** : L74899DL1984PLC019492
- viii. Listing Fee** : Annual Listing Fee for the year 2019-20 has been paid to BSE within due date.

ix. Stock Market-Price Data:

The monthly movement of equity share price on BSE Ltd. vis-a-vis BSE sensex during the financial year 2018-19 are given as follows:

Financial Year 2018-19	Share Prices (In Rs.)		BSE Sensex	
	High	Low	Highest	Lowest
April, 2018	14.35	10.90	33019.07	35160.36
May, 2018	11.87	8.15	35556.71	34344.91
June, 2018	8.56	6.51	35739.16	34903.21
July, 2018	6.84	8.66	37606.58	35264.41
August, 2018	8.25	6.26	38896.63	37165.16
September, 2018	7.00	5.70	38389.82	36227.14
October, 2018	6.05	5.75	36526.14	33349.31
November, 2018	6.00	5.45	36194.30	34431.97
December, 2018	5.45	4.17	36484.33	34959.72
January, 2019	3.97	2.27	36578.96	35513.71
February, 2019	2.31	2.19	36975.23	35352.61
March, 2019	2.23	2.11	38672.91	36063.81

x. 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 is Registrar and Share Transfer Agents (RTA) which is a Common Agency for Physical and Electronic modes.

Transfer of the dematerialised shares are done through the depositories with no involvement of the Company. 7236494 equity shares comprising 91.66% of the total equity shares of the company are in electronic form as on 31.03.2019. Out of total 8619 shareholders, 3759 shareholders representing 43.61% have their shares dematerialised as on 31.03.2019.

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 from the date of receipt thereof if the documents are in order in all respects. The Stakeholders' Relationship Committee specifically looks into the redressal of shareholders complaints like transfer of equity shares and related matters.

xi. Distribution of Equity Shareholding as on 31.03.2019:

Shareholding (Number of Shares)	Shareholders		Shareholding	
	Number	% to total	Number	% to total
Up to 500	7887	91.51	1036839	13.13
501 to 1000	313	3.63	264870	3.36
1001 to 2000	195	2.26	303854	3.85
2001 to 3000	72	0.84	182668	2.31
3001 to 4000	32	0.37	114669	1.45
4001 to 5000	19	0.22	90810	1.15
5001 to 10000	50	0.58	349131	4.42
10001 and above	51	0.59	5552359	70.33
Total	8619	100.00	78,95,200	100.00

xii. Shareholding Pattern as on 31.03.2019:

Category	Number of equity shares	% to Total Shares
Promoters	47,65,000	60.35
Bodies Corporate	36,915	0.47
Indian Public	29,94,761	37.93
NRIs	83,664	1.06
Others (Clearing Members)	14,860	0.19
Total	78,95,200	100.00

xiii. Registrar and Transfer Agent:

Name & Address : Mas Services Limited
T-34, 2nd Floor, Okhla Industrial Area,
Phase-II, New Delhi-110020

Phone No. : +91-11-26387281-83

Fax No. : +91-11-26387384

E-Mail : info@masserv.com

xiv. Investors Correspondence:

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

Vardhman Industries Limited
G.T. Road, Village Pawa,
Sahnawal, Ludhiana-141 120
(Phone no.: +91-161-2511412)
Designated e-mail address for investor services: cs.vil@vallabhgroup.com
Website: www.vardhmanindus.com

OR

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

xv. Plant Location of the company:

G.T. Road, Village Beopror, Tehsil Rajpura, District-Patiala (Punjab), Phone: +91-1762-265700

VI. COMPLIANCES UNDER ERSTWHILE LISTING AGREEMENT AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

The Company has complied with the provisions of the erstwhile Listing Agreement. Information, Certificates and returns as required under erstwhile Listing Agreement are sent to the Stock exchange within the prescribed time.

The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

VII. RECONCILIATION OF SHARE CAPITAL AUDIT:

As stipulated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the statutory auditors of the company carried 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.

VIII. CODE OF CONDUCT:

The members of the board and senior management personnel have affirmed the compliance with code applicable to them during the year ended 31st March, 2019. The annual report of the Company contains a certificate by the CFO and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from independent directors, non-executive directors and senior management personnel.

IX. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

X. COMPLIANCE CERTIFICATE OF THE AUDITORS:

The Statutory Auditors have certified that the Company has complied with the conditions of the Corporate Governance as stipulated in Listing Regulations, 2015 and the same is annexed to the Report.

DECLARATION:

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Senior Management Personnel have affirmed compliance with Vardhman Industries Limited's Code of Business Conduct and Ethics for the year ended 31st March, 2019.

For Vardhman Industries Limited

Place: Ludhiana
Dated: 26.08.2019

Sd/-
(Ajay Singh)
Director
Din: 07746342

Sd/-
(Rahul Jain)
Managing Director
Din: 00755312

ANNEXURE - III

**Statement containing the salient features of the financial statements of Subsidiary Companies
Form AOC-1 (PART-'B')**

[Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the
Companies (Accounts) Rules, 2014]

Name of Associate Company	JSW Vallabh Tinplate Private Limited
1. Latest Audited Balance Sheet Date	31-March-2019
2. Shares of Associate held by the Company on year end:	
Number of Shares	1,17,82,373
Amount of Investment in Associate	₹1,413.69 lacs
Extend of Holding %	23.10%
3. Description of how there is significant influence	By virtue of shareholding/ voting right
4. Net worth attributable to Shareholding as per latest audited Balance Sheet	₹1,413.69 lacs
5. Profit/(Loss) for the year 2018-19	
- Considered in Consolidation	₹(93.07) Lacs
- Not Considered in Consolidation	₹NIL

ANNEXURE - IV

**Particulars of contracts/arrangements made with related parties
Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the
Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contacts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no such contracts or arrangements or transactions entered into during the year ended March 31, 2019.

2. Details of material contracts or arrangements or transactions at arm's length basis:

The details of material contract or arrangement or transactions at arm's length basis for the year ended March 31st, 2019 are given in the financial statements.

ANNEXURE - V TO THE DIRECTOR'S REPORT

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- I). The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director / KMP for FY 2018-19 (Amt. in Rs.)	% increase(decrease) in Remuneration in the FY 2018-19	Ratio of Remuneration of each Director/ to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
1.	Mr. Rahul Jain (Managing Director)	26,09,247	0.18	18.51	Loss reduced by 89.34%
2.	Mr. Ashok Kumar Jain (Non-executive Independent Director)	Nil	Nil	--	N.A.
3.	Mrs. Neelam Sharma (Non-executive Independent Director)	Nil	Nil	--	N.A.
4.	Mr. Ajay Singh (Non-executive Independent Director)	Nil	Nil	--	N.A.
5.	Mr. Anil Kumar Surya (CFO)	9,70,320	2.57	N.A.	Loss reduced by 89.34%
6.	Ms. Komal Bhalla * (CS)	19,795	N.A.	N.A.	Loss reduced by 89.34%
7.	Ms. Reema** (CS)	16,606	N.A.	N.A.	Loss reduced by 89.34%

*Ms. Komal Bhalla erstwhile Company Secretary resigned from the Company w.e.f. 30th April, 2018.

**Ms. Reema, Company Secretary was appointed w.e.f. 22nd February, 2019.

- ii) The median remuneration of employees of the Company during the financial year was Rs. 1,42,560/-.
- iii) In the financial year, there was decrease of 1.12% in the median remuneration of the employees.
- iv) There were 80 permanent employees on the rolls of the Company as on March 31st, 2019.
- v) **Relationship between average increase in remuneration and company performance:**
The Loss for the financial year ended March 31st, 2019 reduced by 89.34%, whereas the decrease in median remuneration was 1.12%. The average increase in median remuneration was in line with the basic inflation given to the employees.
- vi) **Comparison of the Remuneration of the Key Managerial Personnel(s) against the performance of the Company:**

The total remuneration of Key Managerial personnel was Rs.34.16 Lacs whereas the loss has reduced by 89.34% to loss of Rs. 549.43 lacs in 2018-19 from loss of Rs. 5154.38 lacs in 2017-18.

- vii) **Variations in the market capitalization of the Company, Price-Earnings Ratio at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company, the variations in the net worth of the company as at the close of the current financial year and previous financial year:**

Particulars	As on 31.03.2019	As on 31.03.2018	% increase/ (decrease)
Share price (Rs.)	2.14	10.67	(20.05)
Market Capitalization (Rs. Lacs):	169	842	(20.07)
Price-Earning Ratio	0.30	0.16	187.5
Net Worth (Rs. Lacs):	-541.62	334.18	(91.32)

The Company's shares are listed on BSE Limited.

- viii) **Average percentage increase made in the salary of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average Salary increase of non-managerial employees is 6% whereas there is no increase in the managerial remuneration of managerial employees.

- ix) **The ratio of the highest paid director to that of the employee who are not directors but receive remuneration in excess of the highest paid director during the year:**

The Managing Director is the highest paid director. No employee received remuneration higher than the Managing Director.

- x) **Affirmation that the remuneration is as per the remuneration policy of the Company:**

Remuneration paid during the year ended 31.03.2019 is as per the Remuneration Policy of the Company.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY
[Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, the undersigned, in our respective capacities of Managing Director and Chief Financial Officer of Vardhman Industries Limited ("the Company") to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and Cash Flow statement for the year ended on 31.03.2019 and based on our knowledge and belief, we state that:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) 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.
2. 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 violation of the Company's code of conduct;
3. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, wherever applicable:
 - a) That there were no deficiencies in the design or operation of internal controls which came to our notice;
 - b) That there were no significant changes in internal control over financial reporting during the year;
 - c) Significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
 - d) 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.

Date: 26.08.2019
Place: Ludhiana

For Vardhman Industries Limited

Sd/-
(Rahul Jain)
Managing Director

Sd/-
(Anil Kumar Surya)
Chief Financial Officer

AUDITORS' CERTIFICATE

(Regarding 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, 2019, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance and conditions of 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 SEBI Listing Regulations, 2015.

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.

Date: 26.08.2019
Place: Ludhiana

For **K R AGGARWAL & ASSOCIATES**
Chartered Accountants
FRN-030088N
Sd/-
(CA VIVEK ANEJA)
PARTNER
M. NO. 544757

ANNEXURE - VI TO THE DIRECTORS' REPORT
EXTRACT OF ANNUAL RETURN
FORM NO. MGT 9
As on financial year ended on 31.03.2019

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L74899DL1984PLC019492
2.	Registration Date	05-12-1984
3.	Name of the Company	Vardhman Industries Limited
4.	Category/Sub-category of the Company	Public Company/ Limited by Shares
5.	Address of the Registered office & contact details	1309, 13th Floor, Vikram Tower, Rajendra Place, New Delhi -110008 (India) Contact Details: +91-11-25743060, Fax: +91-11-25742403
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Mas Services Limited T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 Tel No. :+91-11-26387281-83

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated):

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	CC Coil/ Sheets	27171	100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

No. of Companies for which information is being filled	1
--	---

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1.	JSW Vallabh Tinplate Private Limited 1309, 13 th Floor, Vikram Tower, Rajendra Place, New Delhi-141008.	U28112DL1995PTC204971	Associate Company	23.10	Section 2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):
A. Category-wise Share Holding:-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 01, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	2575200	0	2575200	32.62	2575200	0	2575200	32.62	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 01, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	2189800	0	2189800	27.74	2189800	0	2189800	27.74	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
(2) Foreign									
a) NRI - Individual/	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individual/	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Others	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)	4765000	0	4765000	60.35	4765000	0	4765000	60.35	0.00

B. Public Shareholding

1. Institutions

a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0

2. Non-Institutions:

a) Bodies Corp.:									
i) Indian	121491	3700	125191	1.59	36915	0	36915	0.47	(1.12)
ii) Overseas	0	0	0	0	0	0	0	0	0.00
b) Individuals:									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	1604553	646176	2250729	28.51	1656643	630966	2287609	28.97	0.46

ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	617528	25140	642668	8.14	683112	24040	707152	8.96	0.82
c) Others (specify)									
(c-i) NRI	83864	0	83864	1.06	83664	0	83664	1.06	0
(c-ii) Clearing Member	27748	0	27748	0.35	14860	0	14860	0.19	(0.16)
Sub-total (B)(2):-	2455184	675016	3130200	39.65	2475194	655006	3130200	39.65	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2448084	682116	3130200	39.65	2455184	675016	3130200	39.65	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	7220184	675016	7895200	100.00	7220184	675016	7895200	100.00	0.00

B) Shareholding of Promoters:-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2017)			Share holding at the end of the year (as on 31.03.2018)			% Change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Kapil Kumar Jain	381000	4.83	0	381000	4.83	0	0
2	Mr. Rahul Jain	370000	4.69	0	370000	4.69	0	0
3	Mr. Vikram Jain	360000	4.56	0	360000	4.56	0	0
4	Mrs. Lata Jain	390100	4.94	0	390100	4.94	0	0
5	Mrs. Megha Jain	208100	2.64	0	208100	2.64	0	0
6	Mrs. Zarqa Jain	128000	1.62	0	128000	1.62	0	0
7	M/s. Kapil Kumar & Sons (HUF)	390000	4.94	0	390000	4.94	0	0
8	M/s Rahul Jain & Sons (HUF)	198000	2.51	0	198000	2.51	0	0
9	M/s Vikram Jain & Sons (HUF)	150000	1.90	0	150000	1.90	0	0
10	M/s Vallabh Steels Ltd	666600	8.44	0	666600	8.44	0	0
11	M/s Adhinath Investments P Ltd.	387000	4.90	0	387000	4.90	0	0
12	M/s Hind Leasing & Finance Ltd	388800	4.92	0	388800	4.92	0	0
13	M/s Associated Leasing Ltd	747400	9.47	0	747400	9.47	0	0
	TOTAL	4765000	60.35	0	4765000	60.35	0	0

C) Change in Promoters' Shareholding (please specify, if there is no change):- Not Applicable

D) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):-

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Dimple Manish Thakkar	46500	0.59	18.05.2018 22.06.2018 29.06.2018	4000 350 9000	Purchase Purchase Purchase	59850	0.76
2.	Manish Vasant Thakkar	13500	0.17	18.05.2018 29.06.2018	4000 41200	Purchase Purchase	58700	0.74
3.	Manoj Kumar HUF	---	---	28.12.2018	48852	Purchase	48852	0.62
4.	Hemant Pratapbhai Kotak	100000	1.27	25.05.2018 01.06.2018 08.06.2018 15.06.2018 22.06.2018	(15000) (28000) (5000) (2000) (9986)	Sale Sale Sale Sale Sale	40014	0.51
5.	Shivani	12000	0.15	17.08.2018 07.09.2018 14.09.2018 21.09.2018	2437 9500 10225 1441	Purchase Purchase Purchase Purchase	35603	0.45
6.	VSK Murthy Balijepalli	28954	0.37	13.04.2018 18.05.2018 13.07.2018 21.12.2018 11.01.2019 25.01.2019	5124 22 300 4 4 592	Purchase Purchase Purchase Purchase Purchase Purchase	35000	0.44
7.	Abhishek R Bhadauria	28203	0.36	12.10.2018	5878	Purchase	34081	0.43
8.	Shashi Bhushan	30944	0.39	---	---	---	30944	0.39
9.	Vrunda Kusan Patel	26631	0.33	---	---	---	26631	0.33
10.	Drago Shaver Kaitan	24077	0.30	---	---	---	24077	0.30

E) Shareholding of Directors and Key Managerial Personnel:-

Sr. No.	Shareholding of Directors and Key Managerial Personnel:	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Rahul Jain At the beginning of the year	3,70,000	4.69		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment/transfer/bonus/sweat equity etc.):	---	---		
	At the end of the year			3,70,000	4.69

Sr. No.	Particulars of Remuneration	Mr. Anil Kumar Surya Chief Financial Officer	Komal Bhalla Company Secretary till 30 th April,2018	Reema Company Secretary W.e.f. 22 nd February,2019
		(Amt. in Rs. per annum)	(Amt. in Rs. Per annum)	(Amt. in Rs. Per annum)
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9,70,320	19,795	16,606
	(b) Value of perquisites u/s 17(2) Income -tax Act, 1961	---	---	---
	(c) Profits in lieu of salary under section 17(3) Income -tax Act, 1961	---	---	---
2.	Stock Option	---	---	---
3.	Sweat Equity	---	---	---
4.	Commission - as % of profit - others, specify	---	---	---
5.	Others, please specify	---	---	---
	Total	9,70,320	19,795	16,606

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2018-19, the company has not been found guilty for any offence hence was not liable for any penalty, punishment under all Acts applicable to it.

For Vardhman Industries Limited

Place: Ludhiana
Dated: 26.08.2019

Sd/-
(Ajay Singh)
Director
Din: 07746342

Sd/-
(Rahul Jain)
Managing Director
Din: 00755312

ANNEXURE - VII TO THE DIRECTORS' REPORT

**SECRETARIAL COMPLIANCE REPORT OF
VARDHMAN INDUSTRIES LIMITED FOR THE YEAR ENDED 31st MARCH 2019
(Pursuant to SEBI Circular No. CIR/CFD/CMD/1/27/2019 dated February 08, 2019)**

To
The Members,
Vardhman Industries Limited
Flat no. 1309, 13th Floor,
Vikram Tower,
Rajendra Place,
New Delhi - 110 008

I, Raghbir Chand Singal, Prop. RCS & Co., Practicing Company Secretary (FCS No. 903 and CP No. 3154) have examined:

- (a) all the documents and records made available to us and explanations provided by Vardhman Industries Limited,
- (b) the filings/ submissions made by the Vardhman Industries Limited, to the stock exchanges,
- (c) website of the Vardhman Industries Limited,
- (d) any other document/ filing, as have found to be relevant, which has been relied upon to make this certification, for the year ended 31st March, 2019 ("Review Period") in respect of compliance with the provisions of:
 - (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - (b) the **Securities Contracts (Regulation) Act, 1956** ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not applicable during the period under review.**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits Regulations, 2014; **Not applicable during the period under review.**
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
Not applicable during the period under review.
- (g) Securities and Exchange Board of India (Issue and Listing of Non - Convertible and Redeemable Preference Shares) Regulations, 2013;

Not applicable during the period under review.

- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

Based on the above examination, I hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of the matters specified below:-

Sr. No.	Compliance Requirement (Regulations /Circulars/ Guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1	Appointment of Company Secretary as per Regulation 6(1) of SEBI (LODR) Regulations, 2015	During the financial year 2018-19, the company did not appoint Company Secretary after resignation of earlier Company Secretary w.e.f. 30.04.2018 till 21.02.2019	It was observed that the Company has appointed Company Secretary and Compliance Officer w.e.f. 22.02.2019

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (*including under the Standard Operating Procedures issued by SEBI through various circulars*) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of Violation	Details of action taken E.g Fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any
1.	Stock Exchange	Delayed filing of Audited Annual Financial Results for the F/Y 2017-18	Fine of Rs. 5900/ - (Incl. GST) was imposed by Bombay Stock Exchange for delay in filing the Audited Annual Financial Statements for the F/Y 2017-18	The amount of Rs. 5400/ - (Net of TDS) was paid vide Cheque No. 162675 dated 27.06.2018.
2.	Stock Exchange	Non appointment of Company Secretary under regulation 6(1) of SEBI (LODR) Regulations, 2015	Fine of Rs. 108,560/ - (Incl. GST) was imposed by Bombay Stock Exchange for the quarter ended on 31.12.2018.	The amount of Rs. 99,360/ - (Net of TDS) was paid through NEFT through State Bank of India on 22.02.2019.

However, here I would like to add as under:

The Company has been undergoing the process of Corporate Insolvency Resolution Process (CIRP) and the Company has duly informed the developments from time to time to BSE. In this regard, BSE Ltd., had sought comments on share price movement to which the Company duly replied. Further a Shareholder had grievances related to this matter and the Company also replied to the same through BSE Limited.

d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the Previous reports	Observation made in the secretarial compliance report for the year ended--- (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
----	-----	NOT APPLICABLE	-----	-----

This being the first reporting period since the notification of the requirements to submit the report, reporting on actions to comply with the observations made in the previous reports do not arise.

Place: Ludhiana
Date: 27th May, 2019

Sd/-
(RAGHUBIR CHAND SINGAL)
Prop.
RCS & COMPANY
FCS No. 903
CP No.: 3154

ANNEXURE - VIII

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
VARDHMAN INDUSTRIES LIMITED,
CIN: L74899DL1984PLC019492
1309, 13th Floor, Vikram Tower,
Rajendra Place, New Delhi-110008

We have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by VARDHMAN INDUSTRIES LIMITED (hereinafter called "the Company"). The secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

We report that:

- 1) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to make a report based on the secretarial records produced for our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our report.
- 3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4) Compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures followed by the company on test basis.
- 5) While forming an opinion on compliance and issuing the secretarial audit report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2019 but before issue of the report.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Designated Authority has conducted the affairs of the Company.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2019, complied with the statutory provisions listed hereunder and also has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 according to the applicable provisions of:
 - I. The Companies Act, 2013 (*the Act*) and the Rules made thereunder.

Here we would like to state that during the financial year 2017-18, the Company has been passing through the Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016 vide orders dated 16.11.2017 of the National Company Law Tribunal (NCLT), New Delhi Bench the application was admitted and as such the Board of Directors of the Company has been under suspension since 16.11.2017 and no meetings of the Board or Committees thereof were convened/ held after that date. NCLT has appointed the Insolvency Professional as Resolution Professional.

The Resolution Plan as submitted by Resolution Applicant namely JSW Steels Limited as approved by the Committee of Creditors has also been approved by the Hon'ble NCLT, New Delhi Bench on 19th December 2018. The resolution applicant has filed an appeal before the Hon'ble NCLAT on some issues involved in the orders of Hon'ble NCLT, New Delhi Bench and the said appeal is still pending before the Hon'ble NCLAT.

- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client; and
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- vi. The Listing Agreement entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- vii. All relevant laws applicable to the company as provided by the Management as under:
 - a. Factories Act, 1948
 - b. Payment of Wages Act, 1936 and rules made thereunder;
 - c. The Minimum Wages Act, 1948 and rules made thereunder;
 - d. Employees' State Insurance Act, 1948, and rules made thereunder;
 - e. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder;
 - f. The Payment of Bonus Act, 1965 and payment of Bonus (Amendment Act, 2015) and rules made thereunder;
 - g. Payment of Gratuity Act, 1972, and rules made thereunder;
 - h. Industrial Disputes Act, 1947
 - i. The Workmen's Compensation Act, 1923
 - j. The Contract Labour (Regulation & Abolition) Act, 1970
 - k. The Maternity Benefits Act, 1961 as amended.
 - l. The Child Labour Prohibition and Regulation Act, 1986
 - m. The Apprentice Act, 1961
 - n. Environment (Protection) Act, 1986
 - o. Air (Prevention & Control of Pollution) Act, 1981
 - p. Water (Prevention & Control of Pollution) Act, 1974
 - q. Hazardous Waste (Management & Handling) Rules, 1989
 - r. Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
 - s. Income Tax Act, 1961
 - t. Goods and Service Tax Act, 2017
 - u. Central Sales Tax Act, 1956
 - v. Octroi / Entry Tax
 - w. Electricity Payments (Indian Electricity Act, 2013)
 - x. Central Excise Act, 1944
 - y. Customs Act, 1962
 - z. Insolvency & Bankruptcy Code, 2016
2. We are informed that, for the financial year ended on 31st March 2019, the Company was not required to maintain books, papers, minute books, forms and returns filed or other records according to the provisions of the following Regulations and Guidelines prescribed under SEBI Act:
 - a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

3. We have also checked/examined compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings except as stated in 1(i) above.
4. During the period under review the Company has substantially complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards and Agreements mentioned under paragraph 1 above. The Company was required to transfer funds lying unpaid or unclaimed for a period of seven years to Investor Education and Protection Fund (IEPF) but the company has not transferred these funds.
5. We further report that we have not examined the Financial Statement, financial books and related Financial Acts like Income Tax, Value Added Tax, Sales Tax, Goods & Services Tax Act, ESIC, Provident Fund and Professional Tax etc. For these matters we rely on the report of Statutory Auditors for financial statements for the year ended 31st March, 2019.
6. We further report that:
 - i. The Board of Directors was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and a Woman Director. However, w.e.f. 16.11.2017 the Board of Directors has been suspended as stated in 1(i) above.
 - ii. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
 - iii. We further report that during the audit period there were no specific events/actions such as Public Issue of Securities, buy back, merger, amalgamation, foreign technical collaborations etc. or any other major decisions in pursuance of section 180 of the Companies Act, 2013 which require compliance of applicable provisions thereof.

Date: 26.08.2019
Place: Ludhiana

For RCS & COMPANY*Company Secretaries*
Sd/-
(R.C. SINGAL)
Proprietor
FCS No. 903
C.P. No. 3154

Independent Auditor's Report

To the Members of

VARDHMAN INDUSTRIES LTD.,

Report on the Standalone Financial statements

Qualified Opinion

We have audited the accompanying Standalone Financial Statements of **VARDHMAN INDUSTRIES LTD.** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in Basis for Qualified Opinion section of our report, the standalone financial statements give the information required by the Companies Act 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2019, and its Profit and Loss (including other comprehensive income), Cash Flow Statement and its statement of changes in equity for the year ended.

Basis for Qualified Opinion

Significant amount is receivable from related parties under the head loans and capital advances which have been standing in the books of account since long whose recoverability is also doubtful as one of the parties has also went into CIRP process, no provision for such doubtful receivables has been made by the company.

Emphasis of Matter

We draw attention to the following:

1. The company has gone into Corporate Insolvency Resolution Process ("CIRP") vide order of the National Company Law Tribunal, New Delhi Bench ("NCLT") dated November 16, 2017, under the provision of the Insolvency & Bankruptcy Code 2016 ("Code"). Pursuant to the Order, the powers of the Board of Directors stand suspended and such powers are exercisable by Mr. Ashok Gulla, who has been appointed as Resolution Professional ("RP") by NCLT.

Accordingly, Mr. Ashok Gulla took control of management and operations of the company. As the powers of the Board of Directors had been suspended, the financial statements have not been adopted by Board of Directors however, the same have been signed by Mr. Rahul Jain, Managing Director of Company and Mr. Anil Kumar Surya, Chief Financial Officer and Mrs. Reema, Company Secretary, confirming accuracy and completeness of the results. These Standalone Ind AS financial statements have thereafter been taken on record by the RP on May 30, 2019.

Vardhman Industries Limited which is under Corporate Insolvency Resolution Process invited Expression of Interest for the Submission of Resolution Plan as per the provision of Insolvency and Bankruptcy Code, 2016. In response to the Expression of Interest, JSW Steels Limited ("Resolution Applicant") had submitted its Resolution Plan which has been unanimously approved by Committee of Creditors. The Resolution Plan approved by Committee of Creditors has been submitted to Hon'ble National Company Law Board Tribunal - Delhi. The Hon'ble NCLT had pronounced its order on December 19, 2018, approving the Resolution Plan and subsequently a clarification order on the application of JSW Steel Limited was pronounced on April 16, 2019 by Hon'ble NCLT. The resolution applicant has filed an appeal challenging the said NCLT order before NCLAT in which an interim order was passed on 30 April, 2019 suggesting that the resolution plan as approved by the COC may be implemented. The resolution applicant has further filed an Appeal before the Hon'ble Supreme Court against the interim order of NCLAT in which the Hon'ble Supreme Court vide an order dated 10 May, 2019 has ordered status quo and also requested the Hon'ble NCLAT to take up the matter on 28 May, 2019 and dispose it off.

2. The company is undergoing the Corporate Insolvency Resolution Process, pending the completion of the CIRP, the financials statements of the company have been prepared on going concern basis.
3. As per "Indian Accounting Standard 36" which talks about impairment of asset, if the carrying amount of the asset is more than recoverable amount then asset need to be impaired.
4. Trade receivables, loans & advances and other recoverable at March 31, 2019 are subject to confirmation and reconciliation.
5. In the absence of any information on interest on outstanding dues to the bank in respect to sub-standard accounts, bank balances are subject to confirmation from bank statement.

6. No interest expense has been booked during the period ended March 31, 2019. However, IDBI Bank charged interest on working capital Rs.533.98 lakhs & interest on term loan Rs.23.54 lakhs which is not considered.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Company was having investment of amounting Rs. 4.25 crore in Vallabh Textile Company Limited, Net worth of investee company was eroded in FY 2017-18 as well as investee company went into CIRP (Corporate Insolvency Resolution Process) in Financial Year 2018-19. Accordingly, the management has taken a decision to get the investment at its fair value considering the on going scenario of the investee company and its net worth. Hence, a loss of amounting Rs. 1,43,22,500/- has been booked in FY 2017-18 & amounting Rs. 2,81,77,500 was booked in the Current Year.

Information other than the financial statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management and Those Charged with Governance's Responsibility for the Standalone Ind AS financial statements

The Management and board of directors of the company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ¿ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ¿ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ¿ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ¿ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ¿ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters Specified in paragraphs 3 and 4 of the Order.

As required by section 143(3) of the Act, we report that:

- a) Except for the matters described in the Basis of Qualified Section, we have sought and 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 except for the matters stated in the Basis of Qualified Section, 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this report are in agreement with the books of account.
- d) In our opinion, except for the matters stated in the Basis of Qualified Section, the aforesaid standalone Ind AS financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
- f) Except for the matters stated in the Basis of Qualified Section, there is no any other observations or comments of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company;
- g) Except for the matters stated in the Basis of Qualified Section, there is no any other qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith;
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure "B"; and
- i) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - i. The company has disclosed the impact of pending litigations on its financial position in its standalone IND AS financial statements [Refer Note no. 26]
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - iii. There has been an occasion in case of the Company during the year under report to transfer unpaid dividend amounting Rs 432079 related to year 2009-10 to the Investor Education and Protection Fund. The same has not been deposited as is under the process to be paid.

Place: Ludhiana
Date: 30/05/2019

For K.R. Aggarwal & Associates
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
(Partner)
Membership No: 544757

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

I. In respect of fixed assets:

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) According to the information and explanation given to us the company has a regular program of physical verification of fixed assets by which all fixed assets are verified.
- c) According to information and explanation given to us, the title deeds of immovable Properties are held in the name of the company.

On scrutiny of ROC charge record & board minutes, it was found that two immovable property held in the name of a company, has been pledged as security to Punjab National Bank in favour of Vallabh Steel Limited. However, the company has not availed any credit facility from Punjab National Bank.

II. In respect of Inventories:-

- a) According to information and explanations given to us, the inventories have been physical verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company has maintained proper records of inventory. As explained to us, the discrepancies noticed on physical verification were not material. However, the discrepancies noticed have been properly dealt with in the books of account.

According to the information and explanations given to us, the Company has granted secured or unsecured loans to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Following are the unsecured loans which have been given by company to its related parties:

PARTY NAME	AMOUNT
VALLABH STEEL EAST LTD	89092100
JSW VALABH TINPLATE PVT LTD	76653717
VALLABH STEEL WEST PVT LTD	68787188
VALLABH TEXTILES COMPANY LTD	107747445
TOTAL	342280450

- (a) Whether terms and conditions of the grant of such loan are not prejudicial to the company's interest?
- (b) Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments and receipts are regular?
- (c) If the amount is overdue, state the total amount overdue, state the total amount overdue for more than 90 days and whether reasonable steps have been taken by the company for recovery of principal?

As the required information have not been provided to us. So, we are not able to comment on the same. Ind as impact on such are not ascertainable.

- IV. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- However, on scrutiny of ROC charge record & board minutes, it was found that two immovable property held in the name of a company, has been pledged as security to Punjab National Bank in favour of Vallabh Steel Limited.
- V. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public covered under Section 73 to 76 of the Companies Act, 2013. Therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- VI. We have broadly reviewed the records maintained by the company pursuant to the rules prescribed by the central government for maintenance of cost records under sub-section (l) of section 148 of the act and are of the opinion that prima facie, the prescribed accounts have been prepared and maintained. However, we have not made the detailed examination of records.
- VII. According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India.
- According to the information and explanation given to us and based on the records of the company examined by us, there are no dues of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues which have not been deposited on account of any disputes.
- VIII. According to the records of the Company examined by us and the information and explanations given to us, the Company has defaulted in repayment of loans or borrowings to bank and has gone into Corporate Insolvency Resolution Process ("CIRP") vide order of the National Company Law Tribunal, New Delhi Bench ("NCLT") dated November 16, 2017. Mr. Ashok Gulla, who has been appointed as Resolution Professional ("RP") by NCLT & powers of the Board of Directors stands suspended and such powers are exercisable by him. The company has also not issued debentures during the year and has not taken any fresh loans or borrowings from Government.
- IX. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- X. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- XI. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- XII. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- XIII. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- XIV. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- XV. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- XVI. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Annexure – B to Independent Auditors' Report (Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") We have audited the internal financial controls over financial reporting of VARDHMAN INDUSTRIES LTD. as of 31st March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with Authorizations of management and directors of the company; and (3) provide reasonable Assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the company Except for the matters stated in the Basis of Qualified Section has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Ludhiana
Date: 30/05/2019

For K.R. Aggarwal & Associates
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
(Partner)
Membership No: 544757

BALANCE SHEET AS AT 31st MARCH, 2019

Particulars	NOTE	As at 31 March 2019 (Rs. in Lakhs)	As at 31 March 2018 (Rs. in Lakhs)
ASSETS			
Non-current assets			
a) Property, Plant and Equipment	3	6,062.87	6,653.69
b) Financial Assets			
i) Investments	4a	1,589.20	1,920.03
ii) Security Deposits	4b	32.09	31.96
c) Other non current assets	5	104.78	104.93
Sub Total		7,788.94	8,710.61
Current assets			
a) Inventories	6	951.13	853.63
b) Financial Assets			
i) Trade receivable	7a	62.75	159.45
ii) Cash and cash equivalents	7b	328.01	397.47
iii) Other bank balances	7c	0.79	0.00
iv) Loans	7d	3,449.99	3,561.67
c) Current tax assets	8	20.95	20.72
d) Other current assets	9	582.22	272.93
Sub Total		5,395.83	5,265.87
Total Assets		13,184.78	13,976.48
Equity and Liabilities			
Equity			
a) Equity Share Capital	10	794.76	794.76
b) Other Equity	11	(1,336.38)	(460.58)
Sub Total		(541.62)	334.18
Liabilities			
Non-current liabilities			
a) Financial Liabilities			
i) Borrowings	12a	1,917.88	1,917.88
ii) Other Financial Liabilities	12b	80.75	80.00
b) Provisions	13	51.46	45.08
c) Deferred tax liabilities (net)	14	1,166.05	1,166.02
Sub Total		3,216.13	3,208.98
Current liabilities			
a) Financial Liabilities			
i) Borrowings	15a	9,970.24	9,970.24
ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	15b	24.44	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		176.51	317.10
iii) Other Financial Liabilities	15c	222.98	85.94
b) Other current liabilities	16	110.44	49.03
c) Provisions	17	5.65	11.01
Sub Total		10,510.26	10,433.32
Total Equity and Liabilities		13,184.78	13,976.48

The accompanying notes are an integral part of these standalone financial statements 1 to 38

As per our separate report of even date attached
For KR AGGARWAL AND ASSOCIATES,
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
Partner
M. No. 544757

Place : Ludhiana
Dated : 30.05.2019

For and on behalf of board

(Rahul Jain)
Managing Director
DIN: 00755312

(Ajay Singh)
Director
DIN: 07746342

(Anil Kumar Surya)
Chief Financial Officer

(Reema)
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

Particulars	NOTE	As at 31 March 2019	As at 31 March 2018
I Revenue from Operations	18	7,451.87	13,070.35
II Other Income	19	6.88	126.34
III Total income(I+II)		7,458.75	13,196.69
IV EXPENSES			
Cost of materials consumed	20	6,741.80	13,816.27
Change in inventories of finished goods, stock in trade and work -in-progress	21	22.83	239.43
Excise duty expense		-	489.45
Employee benefit expense	22	332.15	394.04
Finance costs	23	4.42	450.87
Depreciation and amortisation expense	3	590.82	592.00
Other expenses	24	316.16	869.01
Total expenses(IV)		8,008.18	16,851.07
V Profit/(loss) before exceptional items and tax (III-IV)		(549.43)	-3,654.38
VI Exceptional items	24a		1,353.94
VII Profit/(loss) before tax		(549.43)	(5,008.32)
VIII Tax expense			
(1) Current tax		-	-
(2) Deferred tax	25	-	146.06
IX Profit/(loss) for the period (VII-VIII)		(549.43)	(5,154.38)
X Other Comprehensive Income (OCI)			
A Items that will not be reclassified to profit or loss			
(i) Re-measurement gains (losses) on defined benefit plans		4.49	(19.32)
(ii) Net (loss)/gain on FVOCI equity securities		(330.83)	(181.84)
B Items that will be reclassified to profit or loss		-	-
Total other comprehensive income		(326.34)	(201.16)
XI Total Comprehensive Income for the period (IX+X)(Comprising Profit (Loss) and Other Comprehensive Income for the period)		(875.77)	(5,355.54)
XII Basic and diluted earnings per equity share (Face value of equity share ₹10 each)	29	(6.96)	(65.28)

The accompanying notes are an integral part of these standalone financial statements 1 to 38

As per our separate report of even date attached
For KR AGGARWAL AND ASSOCIATES,
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
Partner
M. No. 544757

Place : Ludhiana
Dated : 30.05.2019

For and on behalf of board

(Rahul Jain)
Managing Director
DIN: 00755312

(Ajay Singh)
Director
DIN: 07746342

(Anil Kumar Surya)
Chief Financial Officer

(Reema)
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019

Particulars	NOTE	Current Year March 2019	Previous Year March 2018
(A) Cash Flow from Operating Activities			
Net profit before Tax		(549.43)	(5,008.32)
Adjustment for:			
Depreciation		590.82	592.00
Stock written off		-	338.01
Amortisation of financial asset and liabilities		4.49	2.14
Rebate & Discount		-	12.74
Amounts written back		-	(41.48)
Sundry debtors written off		-	1,033.99
Insurance Claim		-	(56.32)
Rent		(1.20)	-
Remeasurement of defined benefit plan		4.49	(19.32)
Finance Cost		0.31	443.86
Operating Profit before Working Capital Changes		49.49	(2,702.70)
Adjustment for			
Trade and Other Receivables		96.70	2,110.77
Inventories		(97.50)	2,080.86
Trade and Other Payables		77.82	(495.97)
Short Term Loan and advances		(197.61)	-
Provisions		1.02	-
Cash Generated from operations		(70.08)	992.96
Direct Taxes		(0.23)	(2.85)
Net Cash from Operating Activities		(70.31)	990.11
(B) Cash Flow from Investing Activities			
Payments for capital goods		-	(161.89)
Purchase of Investments		-	(126.00)
Rent		1.20	-
Net cash Flow in Investing Activities		1.20	(287.89)
(C) Cash Flow from Financing Activities			
Financial Expenses		(0.31)	(443.86)
Other Long Term Liability		0.75	-
Movement in Long-term borrowings		-	(130.49)
Movement in Working Capital Borrowings		0.00	102.17
Net Cash flow in Financing Activities		0.44	(472.18)
Net Change in Cash & Cash Equivalents (A+B+C)		(68.66)	230.04
Cash & Cash Equivalents at the beginning of the year		397.47	167.43
Cash & Cash Equivalents at the end of the year		328.80	397.47

1. Previous year's figures have been regrouped/rearranged wherever considered necessary, to make them comparable with current year's figures.

2. Figures in brackets represent payments.

As per our separate report of even date attached.

For KR AGGARWAL AND ASSOCIATES,
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
Partner
M. No. 544757

For and on behalf of board

(Rahul Jain)
Managing Director
DIN: 00755312

(Ajay Singh)
Director
DIN: 07746342

Place : Ludhiana
Dated : 30.05.2019

(Anil Kumar Surya)
Chief Financial Officer

(Reema)
Company Secretary

Statement of changes in equity for the period ended 31 March 2019

	Attributable to the equity holders of the parent							Total Equity	
	Issued capital	Share forfeited	Retained earnings	General reserve	Capital Reserve	Capital Redemption Reserve	Contingent Liability Reserve		Securities Premium
As at 1 April 2017	789.52	5.24	4,346.54	564.84	-	-	-	197.38	5,903.51
Issue of share capital	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Transactions with owners	789.52	5.24	4,346.54	564.84	-	-	-	197.38	5,903.51
Profit/(loss) for the period	-	-	(5,154.38)	-	-	-	-	-	(5,154.38)
Remeasurement gain/(Loss) on Defined benefit plan	-	-	(19.32)	-	-	-	-	-	(19.32)
Other Comprehensive Income	-	-	(181.85)	-	-	-	-	-	(181.85)
Income tax adjustments of earlier year	-	-	(213.79)	-	-	-	-	-	(213.79)
Total comprehensive income	-	-	(5,569.33)	-	-	-	-	-	(5,569.33)
Grand Total as at 31 March 2018	789.52	5.24	(1,222.79)	564.84	-	-	-	197.38	334.18

Issue of share capital	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Transactions with owners	789.52	5.24	(1,222.79)	564.84	-	-	-	197.38	334.18
Profit/(loss) for the period	-	-	(549.43)	-	-	-	-	-	(549.43)
Remeasurement gain/(Loss) on Defined benefit plan	-	-	4.49	-	-	-	-	-	4.49
Other Comprehensive Income	-	-	(330.83)	-	-	-	-	-	(330.83)
Income tax adjustments of earlier year	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	(875.78)	-	-	-	-	-	(875.78)
Grand Total as at 31 March 2019	789.52	5.24	(2,098.59)	564.84	-	-	-	197.38	(541.62)

As per our separate report of even date attached.

For KR AGGARWAL AND ASSOCIATES,
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
Partner
M. No. 544757

Place : Ludhiana
Dated : 30.05.2019

For and on behalf of board

(Rahul Jain)
Managing Director
DIN: 00755312

(Ajay Singh)
Director
DIN: 07746342

(Anil Kumar Surya)
Chief Financial Officer

(Reema)
Company Secretary

Notes to Financial Statements for the year ended 31st March, 2019

1. Background

Vardhman Industries Limited is a Public incorporated on 05 December 1984. It is classified as Non-govt company and is registered at Registrar of Companies, Delhi. Its authorized share capital is Rs. 80,000,000 and its paid up capital is Rs. 79,476,000.

It is an established name Nationally & Internationally as one of the leading manufacturer of colour coated coils, colour coated sheets/tile profile sheets.

2. Significant accounting policies

The significant accounting policies applied by company in the preparation of financial statements are listed below such policies have been consistently applied to all the years presented.

a) Basis of Preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- (i) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and
- (ii) Employee's Defined Benefit Plan as per actuarial valuation.
- (iii) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to two decimals places to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

b) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

Notes to Financial Statements for the year ended 31st March, 2019

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions

Quantitative disclosures of fair value measurement hierarchy

Investment in unquoted equity shares

Financial instruments

c) Current versus non-current classification

All assets and liabilities have been classified as current or non current as per company's normal operating cycle and other criteria set out in the Schedule III to the Act.

d) Property, plant and equipment

"Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. On transition to Ind AS, the Company has adopted optional exemption under Ind AS 101 to measure Property, Plant and Equipment at previous GAAP carrying value. Consequently, the previous GAAP carrying value has been assumed to be deemed cost of Property, Plant and Equipment."

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the Straight line Method to allocate their cost, net of their residual values, over their useful lives. The Company depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II of the Act. The residual values are not more than 5% of the original cost of the asset.

Considering the operating levels of the company, and the on going CIRP it is not possible to determine impairment, if any, in the economic value of fixed assets, capital work-in-progress.

e) Impairment of Non-financial assets

The impairment assessment for all assets is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

f) Inventories

"Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and stores & spares at the weighted average cost, Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. "

g) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expense in the period in which they are incurred.

The accounts of the company were classified as NPA by the banks prior to the CIRP initiation date hence the claim filed by banks includes interest accrued which has not been charged to the company in the previous year as the account has been classified as NPA. The Company has not provided for the said interest accrued but not charged by banks, hence the same has not been included in the Finance cost in the previous year.

h) Provisions, Contingent liabilities and Contingent Assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A present obligation that arises from past events where it is neither probable that an outflow of resources will be required to settle nor a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

Refer Note No 26 of financial statements

i) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Vardhman Industries Limited functional and presentation currency.

Foreign currency translations are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, discounts, value added taxes.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

Sale of goods

Sales are recognised when substantial risk and rewards of ownership are transferred to customer as per the terms of the contract, there is no continuing managerial involvement with the goods. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods., in case of domestic customer, sales take place when goods are dispatched or delivery is handed over to transporter, in case of export customers, sales takes place when goods are shipped onboard based on bill of lading.

Revenue from Services

Revenue from services is recognised in the accounting period in which the services are rendered.

Other operating revenue - Export incentives

Revenue in respect of export incentives is recognised when such incentives accrue upon export of goods.

k) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

l) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand and other bank balances.

m) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment if any. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

n) Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Initial Recognition:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial Assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Amortised Cost:

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair Value through OCI:

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair Value through Profit or Loss:

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and Subsequent Measurement: Financial liabilities:

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

Financial Liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL:

Gains or Losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Other Financial Liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets:

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company assesses on a forward looking basis the expected credit losses associated with its assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

o) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Previous year figures have been regrouped or reclassified.

p) Employee benefits

i) Short term obligations

Liabilities for wages and salaries, short term compensated absences and ex-gratia short terms compensated absences and ex-gratia including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

ii) Post-employment obligations

The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

iii) Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local Regulations. The Company has made further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

q) Segment reporting

The Company operates only in one segment. i.e. iron and steel.

r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the credit period allowed. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Long term trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

t) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

The profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would be outstanding assuming the conversion of all dilutive potential equity shares.

Note: 2.1 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

Estimation of defined benefit obligation – Note 35

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on Company and that are believed to be reasonable under the circumstances.

Property, Plant and Equipment	DEPRECIATION CHART COMPANIES ACT 2018-19 (Rs. In Lakhs)										
	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 1-Apr-2018	Addition	Sales/Adj.	As At 31-Mar-2019	As at 31-Mar-2018	For the Period	As At 31-Mar-2019	As At 31-Mar-2019	As At 31-Mar-2019	As At 31-Mar-2018	As At 31-Mar-2018
Land	116.47	-	-	116.47	-	-	-	116.47	-	116.47	116.47
Building	1,076.86	-	-	1,076.86	431.63	33.26	464.89	611.96	464.89	645.22	645.22
Furniture & Fixture	62.14	-	-	62.14	42.53	3.39	45.93	16.21	45.93	19.61	19.61
Plant & Machinery	12,036.63	-	-	12,036.63	6,286.09	531.08	6,817.17	5,219.46	6,817.17	5,750.53	5,750.53
Vehicles	421.65	-	-	421.65	299.79	23.09	322.88	98.76	322.88	121.86	121.86
TOTAL	13,713.75	-	-	13,713.75	7,060.04	590.82	7,650.87	6,062.87	7,650.87	6,653.69	6,653.69
Previous Year	13,608.17	161.89	56.32	13,713.74	6,468.05	592.00	7,060.05	6,653.69	7,060.05	7,140.12	7,140.12

3.

Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019	As at 31 March 2018
ASSETS	(Rs. in Lakhs)	(Rs. in Lakhs)
4a Investments		
(i) Investment in Equity Instrument		
Investments in Associates (Unquoted) (COST)		
JSW Vallabh Tinplate Private Limited 11782373 (Previous Year 11782373) shares of face value of Rs 10/- each	1,413.69	1,413.69
Sub Total	1,413.69	1,413.69
(ii) Investment in Equity Instrument		
Investments at fair value through OCI		
Investments in others (Quoted)		
Vallabh Steels Limited 295000 shares (Previous Year 295000) of face value of Rs 10/- each	88.35	89.68
SBI Infrastructure Fund 40000 units (Previous Year 40000) of face value of Rs 10/- each	6.02	6.11
DMC Education Limited 72000 equity shares (Previous Year 72000) of face value of Rs 5/- each	0.50	0.50
Sub Total	94.88	96.30
(iii) Investment in Equity Instrument		
Investments at fair value through OCI		
Investments in Others (Unquoted)		
Vallabh Textiles Company Limited 4250000 shares (Previous Year 4250000) of face value of Rs 10/- each	-	281.78
Associated Leasing Limited 20000 shares (Previous Year 20000) of face value of Rs 10/- each	6.85	6.85
Sub Total	6.85	288.63
(iv) Investment in Equity Instrument		
Investments at fair value through OCI		
Investments in Others (Unquoted)		
Vallabh Steel West Pvt Limited 118800 shares (Previous Year 118800) of face value of Rs 100/- each	73.79	121.43
Sub Total	73.79	121.43
TOTAL (i+ii+iii+iv)	1,589.20	1,920.03
1. Market Value of Quoted Investment	94.88	96.30
2. Aggregate amount of Unquoted Investment	1,494.32	1,823.73
3. Aggregate amount of Total Investment	1,589.20	1,920.03

The Market Value of quoted Investments is based on the price prevailing in the market as on 31st March, 2019.

Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019	As at 31 March 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
4b Security Deposit	32.09	31.96
Total	32.09	31.96
Security Deposit includes electricity security, telephone security etc		
5 Other Non-Current Assets		
Capital Advances	104.49	104.49
Prepaid Expense	0.29	0.43
Total	104.78	104.92
Capital Advances consist of advance given for purchase of land.		
6 Inventories		
(As taken, valued and approved by management)		
Raw Materials	474.93	352.60
Work-in-Progress	239.91	149.93
Finished Goods	126.28	239.09
Stores and Spares	110.00	112.00
Total	951.13	853.63
7a Trade receivables		
Unsecured, considered good	369.19	465.89
Less: Provision for doubtful debts	306.44	306.44
Total	62.75	159.45
7b Cash and cash equivalents		
Balances with banks - current accounts	310.40	379.68
Cash-in-Hand	0.15	0.32
Unpaid Dividend Account	17.46	17.46
Total	328.01	397.47
7c Other bank balances		
Fixed deposit having original maturity more than 3 months but less than 12 months	0.79	-
Total	0.79	-
7d Loans		
Other loans	3,422.80	3,531.62
Advances to employees	27.18	30.05
Total	3,449.99	3,561.67
Other loans includes loans to related parties.		
8 Current tax assets		
Provision for tax (Net of advance tax)(net of tds)	20.95	20.72
Total	20.95	20.72
9 Other current assets		
Advances to suppliers	569.08	158.93
Balance with government authorities	9.18	109.57
Prepaid expenses	3.96	4.43
Others	-	-
Total	582.22	272.93

Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019	As at 31 March 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
10 Equity Share Capital		
Authorised, issued, subscribed and paid-up share capital and par value per share		
Authorised:		
8,000,000 (Previous year 8,000,000) equity shares of Rs. 10 each	800.00	800.00
Total	800.00	800.00
Issued, subscribed and fully paid up:		
7895200 (previous year 7895200) equity shares of Rs. 10 each fully paid up	789.52	789.52
Add:- Share Foreited	5.24	5.24
(Amount originally paid up)	794.76	794.76
10.1 Reconciliation of the number of equity Shares outstanding :		
At the beginning of the year	7895200	7895200
Outstanding at the end of year	7895200	7895200
10.2 Terms/rights attached to equity shares :		
The company has only one class of Equity Shares having Face value of 10/- each. Each holder of equity share is entitled to only one vote per share.		
10.3 Detail of Shareholders holding more than 5% shares :		
	As at 31 March 2019	As at 31 March 2018
Name of the shareholders	No of shares	% of holding
	No of shares	% of holding
M/s Vallabh Steels Limited	6,66,600	8.44
M/s Associated Leasing Limited	7,47,400	9.47
	666600	8.44
	747400	9.47
11 Other Equity		
11a Retained Earnings		
Retained Earnings	(2,098.59)	(1,222.79)
	(2,098.59)	(1,222.79)
Balance as per last Balance Sheet	(1,222.79)	4,346.54
Add: Profit/(Loss) for the year	(549.43)	(5,154.38)
Add: Remeasurement gain/(loss) on defined benefit plan	4.49	(19.32)
Add: Other Comprehensive income	(330.83)	(181.85)
Add: Ind AS Adjustments	-	-
Less : Income Tax adjustmentss of earlier years	-	(213.79)
	(2,098.59)	(1,222.79)
11b Reserves		
General Reserve	564.84	564.84
Securities Premium Reserve	197.38	197.38
Sub-Total	762.22	762.22
Total (11a+11b)	(1,336.38)	(460.58)
Total	(541.62)	334.18

Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019 (Rs. in Lakhs)	As at 31 March 2018 (Rs. in Lakhs)
12a Borrowings		
From Banks (Secured)		
SBI term loan	1,573.91	1,573.91
IDBI term loan	323.97	323.97
From Others		
M.N Chemicals	20.00	20.00
Total	1,917.88	1,917.88
12a.1	Term Loan from State Bank of India and IDBI Bank Limited is Secured by 1st pari passu charge on entire fixed assets of the company both present and future basis at SBI with other Term Loan Lenders i.e. IDBI Bank for their Term Loan and 2nd charge on all current assets of the company situated at G.T.Road,Village Beopror,Tehsil-Rajpura,District Patiala.	
	Current and non current liability of Term Loan has not been considered as maturity profiles and repayment schedule of principal/interest on outstanding secured loan cannot be ascertained as accounts with banks slipped into sub standard category.	
	All Secured Loans have also been guaranteed by the director of the Company	
	In the absence of information on interest on outstanding dues to the bank in respect to sub-standard accounts,bank balances are subject to confirmation from Bank Statements.	
12b Other Financial Liabilities		
Security Deposit	0.75	-
Other Long term liabilities	80.00	80.00
Total	80.75	80.00
	Security Deposit includes security received from transporters and employees	
13 Provisions		
Provision for Gratuity	51.46	45.08
Total	51.46	45.08
14 Deferred Tax Liabilities (net)		
Deferred Tax Liabilities	1,166.05	1,166.02
Total	1,166.05	1,166.02
15a Borrowings		
From Banks		
Loans repayable on demand	9,970.24	9,970.24
Total	9,970.24	9,970.24
15a.1	Working capital loans from banks are primarily secured by hypothecation of stocks, book debts and entire present and future tangible current asset of the company and personally guaranteed by the director of the company. It is further secured by second charge on block of assets of the company.	
	In the absence of information on interest on outstanding dues to the bank in respect to sub-standard accounts,bank balances are subject to confirmation from Bank Statements.	
15b Trade Payables		
Micro Small and Medium Enterprises	24.44	-
Trade Payables	176.51	317.10
Total	200.95	317.10

Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019	As at 31 March 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
15c Other Financial Liabilities		
Current Maturities	-	-
Other Financial Liabilities	-	32.01
Cheques issued but not presented for payment	170.25	6.38
Due to Employees	52.74	53.94
Total	<u>222.98</u>	<u>92.33</u>
15c.1 Unclaimed Dividend include Rs 4.32 lacs which is due to be credited to Investor's Education and Protection Fund but the same has not been deposited as the account has not been deposited and is under the process to be paid.		
16 Other current Liabilities		
Statutory dues payables	59.51	4.75
Advance from customers	50.93	37.90
Deferred Income	-	-
Total	<u>110.44</u>	<u>42.65</u>
17 Provisions		
Other Provisions	-	-
	5.65	11.01
Total	<u>5.65</u>	<u>11.01</u>

Provision for employee benefit includes short term Gratuity payable determined as per Actuarial Valuation

	As at 31 March 2019	As at 31 March 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
18 Revenue from operations		
a) Sale of products	7,451.87	13,044.18
b) Sale of services	-	26.17
Total	<u>7,451.87</u>	<u>13,070.35</u>
19 Other Income		
a) Interest income	0.18	10.11
b) Other non operating income		
Rental Income	1.20	1.20
Sundry balance written back	-	38.30
c) Others	5.50	76.23
Total	<u>6.88</u>	<u>126.34</u>
20 Cost of materials consumed		
Opening stock	464.60	2,306.03
Add : Purchases (Net)	6,862.13	11,974.84
Less: Closing Stock	(584.93)	(464.60)
Total	<u>6,741.80</u>	<u>13,816.26</u>
21 Change in work -in-progress ,inventories of finished goods, stock in trade and		
Opening stock		
Work-in-Progress	149.93	266.10
Finished Goods / Stock in Trade	239.09	362.36
Less: Closing Stock		
Work-in-Progress	239.91	149.93
Finished Goods / Stock in Trade	126.28	239.09
Total	<u>22.83</u>	<u>239.43</u>

	As at 31 March 2019 (Rs. in Lakhs)	As at 31 March 2018 (Rs. in Lakhs)
22 Employee benefit expense		
Salary, Wages and other Allowances	311.58	390.04
Contribution to Provident and other funds	16.78	(2.27)
Staff Welfare Expenses	3.79	6.27
Total	332.15	394.04
23 Finance cost		
Interest Expense	4.11	445.39
Other Borrowings Cost	0.31	5.48
Total	4.42	450.87
24 Other expenses		
a.) Manufacturing Expenses		
Power and Fuel	40.64	64.52
Other manufacturing expenses	8.00	14.90
Machinery Repairs and Maintenance	7.33	13.52
Sub-Total	55.97	92.94
b.) Administrative & Other Expenses		
Rent, rates fees and taxes	8.04	11.31
Insurance	3.66	6.33
Legal & Professional Expenses	19.78	23.09
Travelling & Conveyance	23.86	31.56
Postage telegram and telephone	4.48	5.03
Repairs and Maintenance	28.66	30.27
Payment To Auditor		
i) Audit Fees	2.00	2.00
ii) In Other Capacity	-	0.41
iii) Reimbursement of Expenses	0.62	0.00
Printing and stationary	3.73	3.45
Directors Remuneration	24.00	24.00
Director travelling and conveyance	-	1.96
IRP expense	101.45	38.50
Miscellaneous Expenses	14.83	25.67
Sub-Total	235.10	203.58
c.) Selling Expenses		
Forwarding and Octroi	24.33	42.85
Commission & Brokerage	-	4.27
Other Selling Expenses	0.75	525.37
Sub-Total	25.08	572.50
Total (a+b+c)	316.16	869.01
24a Exceptional items	-	1,353.94
	0.00	1,353.94

The exceptional items include sundry debtor written off amounting to Rs. 1033.98 lacs and provision for Misc. expenses amounting Rs. 319.95 lacs as on 31.03.2018.

	As at 31 March 2019	As at 31 March 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
25 Tax expense		
(1) Current tax	-	-
(2) Deferred tax	-	146.06
Total	0.00	146.06

26. CONTINGENT LIABILITIES NOT PROVIDED FOR :

Details of all material litigation and ongoing investigation or proceeding initiated by the government and statutory authorities		
S. No.	Name of Statute	Amount Involved (in Lakhs)
1	Income Tax	315.12
2	Entry Tax	29.88

Details of all material litigation and ongoing investigation or proceeding initiated by the government and statutory authorities		
S. No.	Name of Statute	Amount Involved (in Lakhs)
1	Punjab State Power Corp. Ltd.	220.20
2	Sale Tax	3.20
Total		223.40

Litigation of Excise, Custom and Service Tax		
S.NO	Nature	Amount Involved (in Lakhs)
1	Excise and Customs	40.06
2	Service Tax	0.51
Total		40.56

Particulars	(Amt. in Lakhs)
Civil and Law Suits against or by the company	212.54

27. Export obligation:

The company has gone into Corporate Insolvency Resolution Process ("CIRP") vide order of the National Company Law Tribunal, New Delhi Bench ("NCLT") dated November 16, 2017, under the provision of the Insolvency & Bankruptcy Code 2016 ("Code"). Export obligations: the company has following export obligation which have not been fulfilled yet.

28. In the opinion of the management the current assets and loans and advances have a value on realisation in the ordinary course of bussiness at least equal to the value at which they are stated in the foregoing balancesheet, unless otherwise stated.

29. Earnings Per Share (EPS) (Ind AS-33)

	18-19	17-18
Profit/(loss) after Tax (Rs. in ₹lacs)	(549.43)	(5,154.38)
Weighted average no. of ordinary shares	7,895,200.00	7,895,200.00
Weighted average no. of diluted shares	7,895,200.00	7,895,200.00
Nominal value of ordinary share (₹)	10.00	10.00
Basic / Diluted Earning Per Share (₹)	(6.96)	(65.28)

30. Company operates in only one segment viz iron and steel.

31. Related Party Disclosures as required by IND AS-24 issued by the ICAI are as under:

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

1 Associates

JSW Vallabh Tinplate Pvt. Ltd.

Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019	As at 31 March 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
2. Key Management Personnel		
a) Mr. Rahul Jain		
b) Mr. Anil Kumar Surya		
3. Relatives of Key Management Personnel		
a) Lata Jain		
b) Megha Jain		
4 Enterprises in which Key Management Personnel and relative of such personnel is able to exercise significant influence or control		
a) Vallabh Steels Ltd.		
b) Vallabh Steel West Pvt.Ltd.		
c) Vallabh Textiles Co.Ltd.		
d) Vallabh Steel East Limited		

Nature of Transactions with Related Parties

	(Rs. in Lakhs)	(Rs. in Lakhs)
	18-19	17-18
JSW Vallabh Tinplate Pvt.Ltd.		
Sale of Goods	487.94	497.21
Purchase	0.76	1.18
Expenses paid by VIL	5.67	7.87
Expenses paid by JVTPL	-	25.58
Payments by JVTPL on VIL's behalf	605.29	-
Receipts	3.85	-
Payments made by VIL	10.27	-
Relatives		
Purchase of Shares	-	1050.00
Sale of Shares	-	1050.00
Vallabh Steels Ltd.		
Sale of Goods	0.37	503.71
Purchase of goods	4.09	10.38
Guest House expenses	1.62	0.00
Expenses paid by VSL	0.13	-
Payments made to VSL	3.86	-
Vallabh Steel West Pvt. Ltd.		
Sale of Goods	-	281.48
Purchase of Fixed Assets	-	-
Expenses paid	-	19.36
Vallabh Textiles Co.Ltd.		
Sale of goods	-	-
Purchase of Goods	0.05	0.30
Purchase of Fixed Assets	-	5.56
Expenses paid by VIL	5.66	3.93
Expenses paid by VTCL	3.21	-
Payments received from VTCL	5.21	-

Notes to Financial Statements for the year ended 31st March, 2019

(b) Detail of transactions entered into with related parties during the year:

Particulars	(Rs. in Lakhs)		(Rs. in Lakhs)	
	Associates		Key Management Personnel (KMP)	
	18-19	17-18	18-19	17-18
Remuneration to KMP	-	-	35.80	35.50
Sale of Goods	487.94	497.21	-	-
Purchase	0.76	1.18	-	-
Expenses paid by VIL	5.67	7.87	-	-
Expenses paid by JVTPL	-	25.58	-	-
Payments by JVTPL on VIL's behalf	605.29	-	-	-
Receipts	3.85	-	-	-
Payments made by VIL	10.27	-	-	-

Particulars	(Rs. in Lakhs)		(Rs. in Lakhs)	
	Enterprises in which Key Management Personnel and relative of such personnel is able to exercise significant influence or control .		Relatives of Key Management Personnel	
	18-19	17-18	18-19	17-18
Sale of Goods	0.37	785.19	-	-
Purchase of goods	4.13	10.68	-	-
Purchase of Fixed Assets	-	5.56	-	-
Expenses paid	-	19.36	-	-
Expenses paid by VIL	5.66	3.93	-	-
Purchase of Shares	-	-	-	1050.00
Sale of Shares	-	-	-	1050.00
Guest House expenses	-	1.62	-	-
Expenses paid by VSL	-	0.13	-	-
Payments made to VSL	-	3.86	-	-
Expenses paid by VTCL	-	3.21	-	-
Payments received from VTCL	-	5.21	-	-

Remuneration of KMP	(Rs. in Lakhs)		(Rs. in Lakhs)
PARTICULARS	As at 31st March, 2019		As at 31st March, 2018
(i) Short Term Benefits		35.80	35.50
Total		35.80	35.50

32 Earning in Foreign Currency

PARTICULARS	As at 31st March, 2019	As at 31st March, 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
Earnings in Foreign Exchange		
i) F.O.B. Value of Exports	-	121.68

33 Value of Imported and Indigenous Raw Material, Consumables, Spare Parts, Components & Store Consumed.

PARTICULARS	As at 31st March, 2019		As at 31st March, 2018	
	(Rs. in Lakhs)	(in %age)	(Rs. in Lakhs)	(in %age)
Raw Material, Consumables, Stores, Spares Parts & Components				
(i) Indigenous	6741.80	100%	13816.26	100%
(ii) Imported	-	-	-	-

34 Significant accounting judgements, estimates and assumptions

Judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

35 Post Retirement Benefits Plan (Ind AS 19)

Defined Benefit Plan

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

PARTICULARS	As at 31st March, 2019 (Rs. in Lakhs)	As at 31st March, 2018 (Rs. in Lakhs)
Changes in defined benefit obligation		
Present value obligation as at the start of the year	53.07	25.39
Interest cost	4.11	1.97
Current service cost	6.36	6.79
Past service cost	-	3.16
Actuarial loss/(gain) - Experience Changes	(4.49)	-
Actuarial loss / (Gains) Financial Assumption	-	19.32
Benefits paid	<u>(5.19)</u>	<u>(3.55)</u>
Present value obligation as at the end of the year	<u>53.87</u>	<u>53.07</u>
Breakup of Actuarial gain/loss:		
Actuarial (gain)/loss on arising from change in financial assumption	-	(3.78)
Actuarial (gain)/loss on arising from experience adjustment	(4.49)	23.10
Return on plan assets (greater)/less than discount rate	-	-
	<u>(4.49)</u>	<u>19.32</u>
Net Asset/(Liability) recognized in Balance Sheet		
Present value obligation as at the end of the year	53.87	53.07
Fair value of plan assets as at the end of the year	-	-
Net Asset/(Liability) in Balance Sheet	<u>53.87</u>	<u>53.07</u>
Amount recognized in the statement of profit and loss		
Current service cost	6.36	6.79
Past service cost	-	3.16
Interest cost	4.11	1.97
Interest Income on plan assets	-	-
(Income)/Expense recognised in the statement of profit and loss	<u>10.48</u>	<u>11.91</u>
Remeasurements recognised in the statement of Other Comprehensive Income (OCI)		
Experience Adjustments	(4.49)	23.10
Changes in Financial Assumptions	-	(3.78)
Return on plan assets (greater)/lesser than discount Rates	-	-
Net Loss / (Gain) recognised in other comprehensive income	<u>(4.49)</u>	<u>19.32</u>
3.4: Current Liability (*Expected payout in next year as per schedule III of the Companies Act, 2013) :		
Period	As at 31st March, 2019	As at 31st March, 2018
Current Liability (Short Term)*	2.42	7.99
Non Current Liability (Long Term)	51.46	45.08
Total Liability	53.87	53.07
Actuarial assumptions		
Discount rate	7.75%	7.50%
Salary Escalation Rate	5.00%	5.00%
Employee turnover Rate		
(18 to 30 Years)	5.00%	5.00%
(30 to 44 Years)	3.00%	3.00%
(44 to 60 Years)	2.00%	2.00%

Notes to Financial Statements for the year ended 31st March, 2019

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience

Sensitivity analysis for gratuity liability

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are :

Impact of the change in discount rate	2018-19	2017-18
a) Impact due to increase of 1.00%	48.82	48.36
b) Impact due to decrease of 1.00%	59.79	58.59
Impact of change in salary Escalation Rate	-	
a) Impact due to increase of 1.00%	58.86	57.65
b) Impact due to decrease of 1.00%	49.60	49.16
Impact of change in Employee turnover Rate	-	
a) Impact due to increase of 1.00%	55.04	54.16
b) Impact due to decrease of 1.00%	52.53	51.82

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the reporting period.

Expected Future cash flow

The expected future cash flow in respect of gratuity as at 31st March, 2019 were as follows

Expected contribution

The expected future employer contributions for defined benefit plan as at 31st March, 2019 (for the year ended 31st March,) 2019 i.e. 7.90 lacs

Weighted average duration of defined plan obligation (based on discounted cash flow)

Gratuity	15 years	14 years
	As at 31st March, 2019	As at 31st March, 2018
PARTICULARS	(Rs. in Lakhs)	(Rs. in Lakhs)
Description		
March 31, 2019	0.00	8.08
March 31, 2020	2.42	2.47
March 31, 2021	4.76	4.08
March 31, 2022	3.51	3.44
March 31, 2023	5.81	5.06
March 31, 2023 Onwards	0.00	59.32
March 31, 2024	3.23	0.00
March 31, 2024 Onwards	64.23	0.00

Fair value measurement

36. (a) Financial instruments by category and hierarchy

For amortised cost instruments, carrying value represents the best estimate of fair value.

PARTICULARS	As at 31st March, 2019			As at 31st March, 2018		
	(Rs. in Lakhs)			(Rs. in Lakhs)		
	FVTPL	FVOCI	Amortized cost	FVTPL	FVOCI	Amortized cost
Financial Assets						
Equity instruments	-	175.51	-	-	384.92	-
Trade receivables	-	-	62.75	-	-	159.45
Cash and cash equivalents	-	-	328.01	-	-	397.47
Other Bank Balance	-	-	0.79	-	-	0.00
Security Deposit	-	-	32.09	-	-	31.96
Loans	-	-	3449.99	-	-	3561.67
Total		175.51	3873.63		384.92	4150.55

Financial Assets and Liabilities measured at fair value - recurring fair value measurements

PARTICULARS	As at 31st March, 2019			As at 31st March, 2018		
	(Rs. in Lakhs)			(Rs. in Lakhs)		
	FVTPL	FVOCI	Amortized cost	FVTPL	FVOCI	Amortized cost
Financial Liabilities						
Borrowings	-	-	1,917.88	-	-	1,917.88
Security deposit	-	-	0.75	-	-	-
Other Long term liabilities	-	-	80.00	-	-	80.00
Current Borrowings	-	-	9,970.24	-	-	9,970.24
Trade payable	-	-	200.95	-	-	317.10
Other Financial Liabilities	-	-	222.98	-	-	85.94
Total	-	-	12392.80	-	-	12371.16

(b) Fair value hierarchy

The Company has classified its financial instruments into the three levels prescribed under the Indian accounting standards. (Ind AS 107) An explanation of each level follows under the table.

PARTICULARS	As at 31st March, 2019			As at 31st March, 2018		
	(Rs. in Lakhs)			(Rs. in Lakhs)		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets						
Equity instruments	94.88	—	410.05	96.30	—	288.62
Total	94.88	—	410.05	96.30	—	288.62

Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed

PARTICULARS	As at 31st March, 2019			As at 31st March, 2018		
	(Rs. in Lakhs)			(Rs. in Lakhs)		
	Level 1	Level2	Level 3	Level 1	Level2	Level 3
Financial Assets						
Trade Recievables	-	-	62.75	-	-	159.45
Cash and cash equivalents	-	-	328.01	-	-	397.47
Other Bank Balances	-	-	0.79	-	-	0.00
Security Deposit	-	-	32.09	-	-	31.96
Loans	-	-	3449.99	-	-	3561.67
Total	-	-	3873.63	-	-	4150.55

PARTICULARS	As at 31st March, 2019			As at 31st March, 2018		
	(Rs. in Lakhs)			(Rs. in Lakhs)		
	Level 1	Level2	Level 3	Level 1	Level2	Level 3
Financial Liabilities						
Borrowings	-	-	1917.88	-	-	1917.88
Security deposit	-	-	0.75	-	-	0.00
Other Long term liabilities	-	-	80.00	-	-	80.00
Current Borrowings	-	-	9970.24	-	-	9970.24
Trade payable	-	-	200.95	-	-	317.10
Other Financial Liabilities	-	-	222.98	-	-	85.94
Total	-	-	12392.80	-	-	12371.16

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3

(c) Fair value of Financial Assets and Liabilities measured at amortised cost

PARTICULARS	As at 31st March, 2019		As at 31st March, 2018	
	(Rs. in Lakhs)		(Rs. in Lakhs)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Security Deposits	32.09	32.09	31.96	31.96
Loans	3,449.99	3,449.99	3,561.67	3561.67
Total	3,482.08	3,482.08	3,593.63	3,593.63
Financial Liabilities				
Borrowings	1,917.88	1,917.88	1,917.88	1917.88
Security Deposits	0.75	0.75	-	0.00
Total	1,918.63	1,918.63	1,917.88	1,917.88

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to short term nature. The fair values for security deposits was calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The fair values of non-current borrowings are based on discounted cash flows using a current borrowings rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

37. Financial risk management:

"The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include Investment, loans, trade and other receivables, and cash & cash equivalents that derive directly from its operations. The slowing industrial activity and depressed market conditions had seriously affected the operations of the company. The accounts of the Company in respective Banks has been declared as Non Performing Assets & the company has gone into Corporate Insolvency Resolution Process ("CIRP") vide order of the National Company Law Tribunal, New Delhi Bench ("NCLT") dated November 16, 2017, under the provision of the Insolvency & Bankruptcy Code 2016 ("Code")."

Trade receivables

Credit risk related to trade receivable are mitigated by taking credit insurance for domestic sale/letter of credit for export sale, which result in low credit risk. The company closely monitors the credit-worthiness of debtors through internal system that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts.

PARTICULARS	As at	Effect on Profit I
	31st March, 2019 (Rs. in Lakhs)	As at 31st March, 2018 (Rs. in Lakhs)
Gross carrying amount of trade receivables		
Ageing		
Not due	-	-
0-60 days past due	54.53	142.86
60-90 days past due	1.46	0.65
90-180 days past due	2.02	15.95
180-365 days past due	4.75	-
more than 365 days past due	-	-

38. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

PARTICULARS	As at	As at
	31st March, 2019 (Rs. in Lakhs)	31st March, 2018 (Rs. in Lakhs)
Borrowings	11888.12	11888.12
Trade payables	200.95	317.10
Less: Cash and cash equivalents	328.80	397.47
Net debt	11760.27	11807.74
Equity	794.76	794.76
Capital and net debt	12555.03	12602.50
Gearing ratio	93.67%	93.69%

As per our separate report of even date attached.

For KR AGGARWAL AND ASSOCIATES,
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
Partner
M. No. 544757

For and on behalf of board

(Rahul Jain)
Managing Director
DIN: 00755312

(Ajay Singh)
Director
DIN: 07746342

Place : Ludhiana
Dated : 30.05.2019

(Anil Kumar Surya)
Chief Financial Officer

(Reema)
Company Secretary

Independent Auditor's Report

To the Members of

VARDHMAN INDUSTRIES LTD.,

Report on the Consolidated Financial statements

Qualified Opinion

We have audited the accompanying Consolidated Ind AS financial statements of **VARDHMAN INDUSTRIES LTD.** ("the Holding Company"), and its associates (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2019, the consolidated statement of profit and loss [including other comprehensive income], the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as Consolidated Ind AS financial statements")

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in Basis for Qualified Opinion section of our report, the consolidated financial statements give the information required by the Companies Act 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2019, and its Profit and Loss (including other comprehensive income), Cash Flow Statement and its statement of changes in equity for the year ended.

Basis for Qualified Opinion

Significant amount is receivable from related parties under the head loans and capital advances which have been standing in the books of account since long whose recoverability is also doubtful as one of the parties has also went into CIRP process, no provision for such doubtful receivables has been made by the company.

Emphasis of Matter

We draw attention to the following:

1. The company has gone into Corporate Insolvency Resolution Process ("CIRP") vide order of the National Company Law Tribunal, New Delhi Bench ("NCLT") dated November 16, 2017, under the provision of the Insolvency & Bankruptcy Code 2016 ("Code"). Pursuant to the Order, the powers of the Board of Directors stand suspended and such powers are exercisable by Mr. Ashok Gulla, who has been appointed as Resolution Professional ("RP") by NCLT.

Accordingly, Mr. Ashok Gulla took control of management and operations of the company. As the powers of the Board of Directors had been suspended, the financial statements have not been adopted by Board of Directors however, the same have been signed by Mr. Rahul Jain, Managing Director of Company and Mr. Anil Kumar Surya, Chief Financial Officer and Mrs. Reema, Company Secretary, confirming accuracy and completeness of the results. These Consolidated Ind AS financial statements have thereafter been taken on record by the RP on May 30, 2019.

Vardhman Industries Limited which is under Corporate Insolvency Resolution Process invited Expression of Interest for the Submission of Resolution Plan as per the provision of Insolvency and Bankruptcy Code, 2016. In response to the Expression of Interest, JSW Steels Limited ("Resolution Applicant") had submitted its Resolution Plan which has been unanimously approved by Committee of Creditors. The Resolution Plan approved by Committee of Creditors has been submitted to Hon'ble National Company Law Board Tribunal - Delhi. The Hon'ble NCLT had pronounced its order on December 19, 2018, approving the Resolution Plan and subsequently a clarification order on the application of JSW Steel Limited was pronounced on April 16, 2019 by Hon'ble NCLT. The resolution applicant has filed an appeal challenging the said NCLT order before NCLAT in which an interim order was passed on 30 April, 2019 suggesting that the resolution plan as approved by the COC may be implemented. The resolution applicant has further filed an Appeal before the Hon'ble Supreme Court against the interim order of NCLAT in which the Hon'ble Supreme Court vide an order dated 10 May, 2019 has ordered status quo and also requested the Hon'ble NCLAT to take up the matter on 28 May, 2019 and dispose it off.

2. The company is undergoing the Corporate Insolvency Resolution Process, pending the completion of the CIRP, the financials statements of the company have been prepared on going concern basis.
3. As per "Indian Accounting Standard 36" which talks about impairment of asset, if the carrying amount of the asset is more than recoverable amount then asset need to be impaired

The company is undergoing the Corporate Insolvency Resolution Process and treated as going concern. The resolution plan for the company has been approved by the Hon'ble NCLT and is now pending at the Hon'ble NCLAT and we are unable to comment on the impairment of asset pending the Corporate Insolvency Resolution Process.

4. Trade receivables, loans & advances and other recoverable at March 31, 2019 are subject to confirmation and reconciliation.
5. In the absence of any information on interest on outstanding dues to the bank in respect to sub-standard accounts, bank balances are subject to confirmation from bank statement.
6. No interest expense has been booked during the period ended March 31, 2019. However, IDBI Bank charged interest on working capital Rs.533.98 lakhs & interest on term loan Rs.23.54 lakhs which is not considered.
7. The consolidated IND AS financial results, statements also include the Group's share of net Loss of Rs. 93.07 lacs for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of 1 associate, whose unaudited financial statements, other financial information have been furnished to us by the Management.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Holding Company was having investment of amounting Rs. 4.25 crore in Vallabh Textile Company Limited, Net worth of investee company was eroded in FY 2017-18 as well as investee company went into CIRP (Corporate Insolvency Resolution Process) in Financial Year 2018-19. Accordingly, the management has taken a decision to get the investment at its fair value considering the on going scenario of the investee company and its net worth. Hence, a loss of amounting Rs. 1,43,22,500/- has been booked in FY 2017-18 & amounting Rs. 2,81,77,500 was booked in the Current Year.

Information other than the financial statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management and Those Charged with Governance's Responsibility for the Consolidated Ind AS financial statements.

The Management and holding company's board of directors of the company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes the maintenance of adequate accounting records including financial information considered necessary for the preparation of consolidated financial statement. Further, in accordance with the provisions of the Act, the respective board of directors/management of the companies included in the group, and its associates and joint venture companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the act and safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those board of directors are also responsible for overseeing the Group's financial reporting process.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ∩ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ∩ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ∩ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ∩ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ∩ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) Except for the matters described in the Basis of Qualified Section, we have sought and 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 except for the matters stated in the Basis of Qualified Section, 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this report are in agreement with the books of account.
- d) In our opinion, except for the matters stated in the Basis of Qualified Section, the aforesaid consolidated Ind AS financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
- f) Except for the matters stated in the Basis of Qualified Section, there is no any other observations or comments of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company;
- g) Except for the matters stated in the Basis of Qualified Section, there is no any other qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith;
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure "B"; and
- I) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - I. The Group has disclosed the impact of pending litigations on its financial position in its consolidated IND AS financial statements [Refer Note no. 26]
 - ii. The Group did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
 - iii. There has been an occasion in case of the Company during the year under report to transfer unpaid dividend amounting Rs 432079 related to year 2009-10 to the Investor Education and Protection Fund. The same has not been deposited as is under the process to be paid.

Place: Ludhiana
Date: 30/05/2019

For K.R. Aggarwal & Associates
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
(Partner)
Membership No: 544757

Annexure – B to Independent Auditors' Report (Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Holding company as of 31st March 2018 in conjunction with our audit of the Consolidated IND AS financial statements of the Holding company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective board of directors of the holding company, its subsidiary, associate and joint venture are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“the Guidance Note”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated IND AS financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors of its associates Except for the matters described in the Basis of Qualified Section have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the holding company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Ludhiana
Date: 30/05/2019

For K.R. Aggarwal & Associates
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
(Partner)
Membership No: 544757

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2019

Particulars	NOTE	As at 31 March 2019 (Rs. in Lakhs)	As at 31 March 2018 (Rs. in Lakhs)
ASSETS			
Non-current assets			
a) Property, Plant and Equipment	3	6,062.87	6,653.69
b) Financial Assets			
i) Investments	4a	1,543.66	1,967.56
ii) Security Deposits	4b	32.09	31.96
c) Other non current assets	5	104.78	104.93
Sub Total		7,743.40	8,758.14
Current assets			
a) Inventories	6	951.13	853.63
b) Financial Assets			
i) Trade receivable	7a	62.75	159.45
ii) Cash and cash equivalents	7b	328.01	397.47
iii) Other bank balances	7c	0.79	0.00
iv) Loans	7d	3,449.99	3,561.67
c) Current tax assets	8	20.95	20.72
d) Other current assets	9	582.22	272.93
Sub Total		5,395.83	5,265.87
Total Assets		13,139.24	14,024.01
Equity and Liabilities			
Equity			
a) Equity Share Capital	10	794.76	794.76
b) Other Equity	11	(1,381.92)	(413.05)
Sub Total		(587.16)	381.71
Liabilities			
Non-current liabilities			
a) Financial Liabilities			
i) Borrowings	12a	1,917.88	1,917.88
ii) Other Financial Liabilities	12b	80.75	80.00
b) Provisions	13	51.46	45.08
c) Deferred tax liabilities (net)	14	1,166.05	1,166.02
Sub Total		3,216.13	3,208.98
Current liabilities			
a) Financial Liabilities			
i) Borrowings	15a	9,970.24	9,970.24
ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	15b	24.44	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		176.51	317.10
iii) Other Financial Liabilities	15c	222.98	85.94
b) Other current liabilities	16	110.44	49.03
c) Provisions	17	5.65	11.01
Sub Total		10,510.26	10,433.32
Total Equity and Liabilities		13,139.24	14,024.01

The accompanying notes are an integral part of these standalone financial statements 1 to 38
As per our separate report of even date attached

For KR AGGARWAL AND ASSOCIATES,
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
Partner
M. No. 544757

Place : Ludhiana
Dated : 30.05.2019

For and on behalf of board

(Rahul Jain)
Managing Director
DIN: 00755312

(Ajay Singh)
Director
DIN: 07746342

(Anil Kumar Surya)
Chief Financial Officer

(Reema)
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

Particulars	NOTE	As at 31 March 2019	As at 31 March 2018
I Revenue from Operations	18	7,451.87	13,070.35
II Other Income	19	6.88	126.34
III Total income(I+II)		7,458.75	13,196.69
IV EXPENSES			
Cost of materials consumed	20	6,741.80	13,816.27
Change in inventories of finished goods, stock in trade and work -in-progress	21	22.83	239.43
Excise duty expense		-	489.45
Employee benefit expense	22	332.15	394.04
Finance costs	23	4.42	450.87
Depreciation and amortisation expense	3	590.82	592.00
Other expenses	24	316.16	869.01
Total expenses(IV)		8,008.18	16,851.07
V Profit/(loss) before exceptional items and tax (III-IV)		(549.43)	(3,654.38)
VI Exceptional items	24a		1,353.94
VII Profit/(loss) before tax and share of associate		(549.43)	(5,008.32)
VIII Share of profit/ (loss) of associate		(93.07)	(4.47)
IX Profit/(loss) before tax		(642.50)	(5,012.79)
X Tax expense			
(1) Current tax		-	-
(2) Deferred tax	25	-	146.06
XI Profit/(loss) for the period (IX-X)		(642.50)	(5,158.85)
XII Other Comprehensive Income (OCI)			
A Items that will not be reclassified to profit or loss			
(I) Re-measurement gains (losses) on defined benefit plans		4.49	(19.32)
(ii) Net (loss)/gain on FVOCI equity securities		(330.83)	(181.84)
B Items that will be reclassified to profit or loss		-	-
Total other comprehensive income		(326.34)	(201.16)
XIII Total Comprehensive Income for the period (XI-XII)(Comprising Profit (Loss) and Other Comprehensive Income for the period)		(968.84)	(5,360.01)
XIV Basic and diluted earnings per equity share (Face value of equity share ₹10 each)	29	(8.14)	(65.34)

The accompanying notes are an integral part of these standalone financial statements 1 to 38
As per our separate report of even date attached

For KR AGGARWAL AND ASSOCIATES,
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
Partner
M. No. 544757

Place : Ludhiana
Dated : 30.05.2019

For and on behalf of board

(Rahul Jain)
Managing Director
DIN: 00755312

(Ajay Singh)
Director
DIN: 07746342

(Anil Kumar Surya)
Chief Financial Officer

(Reema)
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019

Particulars	NOTE	Current Year	Previous Year
		March 2019 (Rs. in Lakhs)	March 2018 (Rs. in Lakhs)
(A) Cash Flow from Operating Activities			
Net profit before Tax		(549.43)	(5,008.32)
Adjustment for:			
Depreciation		590.82	592.00
Stock written off		-	338.01
Amortisation of financial asset and liabilities		4.49	2.14
Rebate & Discount		-	12.74
Amounts written back		-	(41.48)
Sundry debtors written off		-	1,033.99
Insurance Claim		-	(56.32)
Rent		(1.20)	-
Remeasurement of defined benefit plan		4.49	(19.32)
Finance Cost		0.31	443.86
Operating Profit before Working Capital Changes		49.49	(2,702.70)
Adjustment for			
Trade and Other Receivables		96.70	2,110.77
Inventories		(97.50)	2,080.86
Trade and Other Payables		77.82	(495.96)
Short Term Loan and advances		(197.61)	-
Provisions		1.02	-
Cash Generated from operations		(70.08)	992.96
Direct Taxes		(0.23)	(2.85)
Net Cash from Operating Activities		(70.31)	990.11
(B) Cash Flow from Investing Activities			
Payments for capital goods		-	(161.89)
Purchase of Investments		-	(126.00)
Rent		1.20	-
Net cash Flow in Investing Activities		1.20	(287.89)
(C) Cash Flow from Financing Activities			
Financial Expenses		(0.31)	(443.86)
Other Long Term Liability		0.75	-
Movement in Long-term borrowings		-	(130.49)
Movement in Working Capital Borrowings		0.00	102.17
Net Cash flow in Financing Activities		0.44	(472.18)
Net Change in Cash & Cash Equivalents (A+B+C)		(68.66)	230.04
Cash & Cash Equivalents at the beginning of the year		397.47	167.43
Cash & Cash Equivalents at the end of the year		328.80	397.47

Notes:

1. Previous year's figures have been regrouped/rearranged wherever considered necessary, to make them comparable with current year's figures.
2. Figures in brackets represent payments.

As per our separate report of even date attached

**For KR AGGARWAL AND ASSOCIATES,
Chartered Accountants
FRN: 030088N**
**CA Vivek Aneja
Partner
M. No. 544757**
For and on behalf of board
**(Rahul Jain)
Managing Director
DIN: 00755312**
**(Ajay Singh)
Director
DIN: 07746342**
**Place : Ludhiana
Dated : 30.05.2019**
**(Anil Kumar Surya)
Chief Financial Officer**
**(Reema)
Company Secretary**

Consolidated Statement of changes in equity for the period ended 31 March 2019

	Attributable to the equity holders of the parent							Total Equity	
	Issued capital	Share forfeited	Retained earnings	General reserve	Capital Reserve	Capital Redemption Reserve	Contingent Liability Reserve		Securities Premium
As at 1 April 2017	789.52	5.24	4,346.53	564.84	-	-	-	197.38	5,903.51
Issue of share capital	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Transactions with owners	789.52	5.24	4,346.53	564.84	-	-	-	197.38	5,903.51
Profit/(loss) for the period	-	-	(5,106.84)	-	-	-	-	-	(5,106.84)
Remeasurement gain/(Loss) on Defined benefit plan	-	-	(19.32)	-	-	-	-	-	(19.32)
Other Comprehensive Income	-	-	(181.85)	-	-	-	-	-	(181.85)
Income tax adjustments of earlier year	-	-	(213.79)	-	-	-	-	-	(213.79)
Total comprehensive income	-	-	(5,521.79)	-	-	-	-	-	(5,521.79)
Grand Total as at 31 March 2018	789.52	5.24	(1,175.26)	564.84	-	-	-	197.38	381.72
Issue of share capital	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Transactions with owners	789.52	5.24	(1,175.26)	564.84	-	-	-	197.38	381.72
Profit/(loss) for the period	-	-	(642.50)	-	-	-	-	-	(642.50)
Remeasurement gain/(Loss) on Defined benefit plan	-	-	4.49	-	-	-	-	-	4.49
Other Comprehensive Income	-	-	(330.83)	-	-	-	-	-	(330.83)
Income tax adjustments of earlier year	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	(968.85)	-	-	-	-	-	(968.85)
Grand Total as at 31 March 2019	789.52	5.24	(2,114.14)	564.84	-	-	-	197.38	(587.16)

As per our separate report of even date attached

 For KR AGGARWAL AND ASSOCIATES,
 Chartered Accountants
 FRN: 030088N

 CA Vivek Aneja
 Partner
 M. No. 544757

 Place : Ludhiana
 Dated : 30.05.2019

For and on behalf of board

 (Rahul Jain)
 Managing Director
 DIN: 00755312

 (Ajay Singh)
 Director
 DIN: 07746342

 (Anil Kumar Surya)
 Chief Financial Officer

 (Reema)
 Company Secretary

1. Background

Vardhman Industries Limited together with its associates (collectively 'the Group' or 'the Group') is a Public incorporated on 05 December 1984. It is classified as Non-govt Group and is registered at Registrar of Companies, Delhi. Its authorized share capital is Rs. 80,000,000 and its paid up capital is Rs. 79,476,000.

It is an established name Nationally & Internationally as one of the leading manufacturer of colour coated coils, colour coated sheets/tile profile sheets.

2. Significant accounting policies

The significant accounting policies applied by Group in the preparation of consolidated financial statements are listed below such policies have been consistently applied to all the years presented.

a) Basis of Preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(ii) Historical Cost Convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- (i) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and
- (ii) Employee's Defined Benefit Plan as per actuarial valuation.
- (iii) Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to two decimals places to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

b) Principle of consolidation and equity accounting

(i) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (ii) below), after initially being recognised at cost.

(ii) Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post- acquisition profits or losses of the investee in profit and loss, When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2 (e) below

(iii) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group i.e. its subsidiaries.

Intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. The interest of non- controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition- by-acquisition basis. Subsequent to acquisition, the carrying value of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interests having a deficit balance.

(iv) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred in the over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying value of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

c) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

Disclosures for valuation methods, significant estimates and assumptions

Quantitative disclosures of fair value measurement hierarchy

Investment in unquoted equity shares

Financial instruments

d) Current versus non-current classification

All assets and liabilities have been classified as current or non current as per Group's normal operating cycle and other criteria set out in the Schedule III to the Act.

e) Property, plant and equipment

"Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. On transition to Ind AS, the Group has adopted optional exemption under Ind AS 101 to measure Property, Plant and Equipment at previous GAAP carrying value. Consequently, the previous GAAP carrying value has been assumed to be deemed cost of Property, Plant and Equipment."

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the Straight line Method to allocate their cost, net of their residual values, over their useful lives. The Group depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II of the Act. The residual values are not more than 5% of the original cost of the asset.

Considering the operating levels of the Group, and the on going CIRP it is not possible to determine impairment, if any, in the economic value of fixed assets, capital work-in-progress.

f) Impairment of Non-financial assets

The impairment assessment for all assets is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

g) Inventories

"Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and stores & spares at the weighted average cost, Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts."

h) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expense in the period in which they are incurred.

The accounts of the company were classified as NPA by the banks prior to the CIRP initiation date hence the claim filed by banks includes interest accrued which has not been charged to the company in the previous year as the account has been classified as NPA. The Company has not provided for the said interest accrued but not charged by banks, hence the same has not been included in the Finance cost in the previous year.

i) Provisions, Contingent liabilities and Contingent Assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A present obligation that arises from past events where it is neither probable that an outflow of resources will be required to settle nor a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised in consolidated financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

Refer Note No 26 of consolidated financial statements

j) Foreign currency translation

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is Vardhman Industries Limited functional and presentation currency.

Foreign currency translations are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, discounts, value added taxes.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below.

Sale of goods

Sales are recognised when substantial risk and rewards of ownership are transferred to customer as per the terms of the contract, there is no continuing managerial involvement with the goods. The Group retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods., in case of domestic customer, sales take place when goods are dispatched or delivery is handed over to transporter, in case of export customers, sales takes place when goods are shipped onboard based on bill of lading.

Revenue from Services

Revenue from services is recognised in the accounting period in which the services are rendered.

Other operating revenue - Export incentives

Revenue in respect of export incentives is recognised when such incentives accrue upon export of goods.

l) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

m) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand and other bank balances.

n) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment if any. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

o) Financial instruments

Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments.

Initial Recognition:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial Assets

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Amortised Cost:

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair Value through OCI:

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair Value through Profit or Loss:

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and Subsequent Measurement: Financial liabilities:

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

Financial Liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL:

Gains or Losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Other Financial Liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets:

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Group assesses on a forward looking basis the expected credit losses associated with its assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. In case of trade receivables, the Group follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Group to track changes in credit risk. The Group calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

Derecognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

p) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Previous year figures have been regrouped or reclassified.

q) Employee benefits

i) Short term obligations

Liabilities for wages and salaries, short term compensated absences and ex-gratia short terms compensated absences and ex-gratia including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

ii) Post-employment obligations

The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

iii) Defined contribution plans

The Group pays provident fund contributions to publicly administered provident funds as per local Regulations. The Group has made further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

r) Segment reporting

The Group operates only in one segment. i.e. iron and steel.

s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the credit period allowed. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Long term trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the consolidated financial statements for issue, not to demand payment as a consequence of the breach.

u) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

The profit attributable to owners of the Group by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would be outstanding assuming the conversion of all dilutive potential equity shares.

Note: 2.1 Critical estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

Estimation of defined benefit obligation – Note 35

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on Group and that are believed to be reasonable under the circumstances.

Property, Plant and Equipment	DEPRICIATION CHART COMPANIES ACT 2018-19 (Rs. In Lakhs)									
	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	As at 1-Apr-2018	Addition	Sales/Adj.	As At 31-Mar-2019	As at 31-Mar-2018	For the Period	As At 31-Mar-2019	As At 31-Mar-2019	As At 31-Mar-2018	As At 31-Mar-2018
Land	116.47	-	-	116.47	-	-	-	116.47	116.47	116.47
Building	1,076.86	-	-	1,076.86	431.63	33.26	464.89	611.96	645.22	645.22
Furniture & Fixture	62.14	-	-	62.14	42.53	3.39	45.93	16.21	19.61	19.61
Plant & Machinery	12,036.63	-	-	12,036.63	6,286.09	531.08	6,817.17	5,219.46	5,750.53	5,750.53
Vehicles	421.65	-	-	421.65	299.79	23.09	322.88	98.76	121.86	121.86
TOTAL	13,713.75	-	-	13,713.75	7,060.04	590.82	7,650.87	6,062.87	6,653.69	6,653.69
Previous Year	13,608.17	161.89	56.32	13,713.74	6,468.05	592.00	7,060.05	6,653.69	7,140.12	7,140.12

3.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019	As at 31 March 2018
ASSETS	(Rs. in Lakhs)	(Rs. in Lakhs)
4a Investments		
(i) Investment in Equity Instrument		
Investments in Associates (Unquoted) (COST)		
JSW Vallabh Tinplate Private Limited 11782373 (Previous Year 11782373) shares of face value of Rs 10/- each	1,368.15	1,461.22
Sub Total	1,368.15	1,461.22
(ii) Investment in Equity Instrument		
Investments at fair value through OCI		
Investments in others (Quoted)		
Vallabh Steels Limited 295000 shares (Previous Year 295000) of face value of Rs 10/- each	88.35	89.68
SBI Infrastructure Fund 40000 units (Previous Year 40000) of face value of Rs 10/- each	6.02	6.11
DMC Education Limited 72000 equity shares (Previous Year 72000) of face value of Rs 5/- each	0.50	0.50
Sub Total	94.88	96.29
(iii) Investment in Equity Instrument		
Investments at fair value through OCI		
Investments in Others (Unquoted)		
Vallabh Textiles Company Limited 4250000 shares (Previous Year 4250000) of face value of Rs 10/- each	-	281.78
Associated Leasing Limited 20000 shares (Previous Year 20000) of face value of Rs 10/- each	6.85	6.85
Sub Total	6.85	288.63
(iv) Investment in Equity Instrument		
Investments at fair value through OCI		
Investments in Others (Unquoted)		
Vallabh Steel West Pvt Limited 118800 shares (Previous Year 118800) of face value of Rs 100/- each	73.79	121.43
Sub Total	73.79	121.43
TOTAL (i+ii+iii+iv)	1,543.66	1,967.57
1. Market Value of Quoted Investment	94.88	96.30
2. Aggregate amount of Unquoted Investment	1,448.78	1,871.26
3. Aggregate amount of Total Investment	1,543.66	1,967.56

The Market Value of quoted Investments is based on the price prevailing in the market as on 31st March,2019.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019	As at 31 March 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
4b Security Deposit	32.09	31.96
Total	32.09	31.96
Security Deposit includes electricity security, telephone security etc		
5 Other Non-Current Assets		
Capital Advances	104.49	104.49
Prepaid Expense	0.29	0.43
Total	104.78	104.92
Capital Advances consist of advance given for purchase of land.		
6 Inventories		
(As taken, valued and approved by management)		
Raw Materials	474.93	352.60
Work-in-Progress	239.91	149.93
Finished Goods	126.28	239.09
Stores and Spares	110.00	112.00
Total	951.13	853.63
7a Trade receivables		
Unsecured, considered good	369.19	465.89
Less: Provision for doubtful debts	306.44	306.44
Total	62.75	159.45
7b Cash and cash equivalents		
Balances with banks - current accounts	310.40	379.68
Cash-in-Hand	0.15	0.32
Unpaid Dividend Account	17.46	17.46
Total	328.01	397.47
7c Other bank balances		
Fixed deposit having original maturity more than 3 months but less than 12 months	0.79	-
Total	0.79	-
7d Loans		
Other loans	3,422.80	3,531.62
Advances to employees	27.18	30.05
Total	3,449.99	3,561.67
Other loans includes loans to related parties.		
8 Current tax assets		
Provision for tax (Net of advance tax)(net of tds)	20.95	20.72
Total	20.95	20.72
9 Other current assets		
Advances to suppliers	569.08	158.93
Balance with government authorities	9.18	109.57
Prepaid expenses	3.96	4.43
Others	-	-
Total	582.22	272.93

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019 (Rs. in Lakhs)	As at 31 March 2018 (Rs. in Lakhs)
10 Equity Share Capital		
Authorised, issued, subscribed and paid-up share capital and par value per share		
Authorised:		
8,000,000 (Previous year 8,000,000) equity shares of Rs. 10 each	800.00	800.00
Total	800.00	800.00
Issued, subscribed and fully paid up:		
7895200 (previous year 7895200) equity shares of Rs. 10 each fully paid up	789.52	789.52
Add:- Share Foreited	5.24	5.24
(Amount originally paid up)	794.76	794.76
10.1 Reconciliation of the number of equity Shares outstanding :		
At the beginning of the year	7895200	7895200
Outstanding at the end of year	7895200	7895200
10.2 Terms/rights attached to equity shares :		
The company has only one class of Equity Shares having Face value of 10/- each. Each holder of equity share is entitled to only one vote per share.		
10.3 Detail of Shareholders holding more than 5% shares :		
Name of the shareholders	As at 31 March 2019	As at 31 March 2018
	No of shares	No of shares
	% of holding	% of holding
M/s Vallabh Steels Limited	6,66,600	6,66,600
M/s Associated Leasing Limited	7,47,400	7,47,400
	8.44	8.44
	9.47	9.47
11 Other Equity		
11a Retained Earnings		
Retained Earnings	(2,196.14)	(1,227.27)
	(2,196.14)	(1,227.27)
Balance as per last Balance Sheet	(1,227.27)	4,346.53
Add: Profit/(Loss) for the year	(642.50)	(5,158.85)
Add: Remeasurement gain/(loss) on defined benefit plan	4.49	(19.32)
Add: Other Comprehensive income	(330.83)	(181.85)
Add: Ind AS Adjustments	-	-
Less : Income Tax adjustmentss of earlier years	-	(213.79)
	(2,196.14)	(1,227.27)
11b Reserves		
Capital Reserve	52.00	52.00
General Reserve	564.84	564.84
Securities Premium Reserve	197.38	197.38
Sub-Total	814.22	814.22
Total (11a+11b)	(1,381.92)	(413.05)
Total	(587.16)	381.71

	As at 31 March 2019 (Rs. in Lakhs)	As at 31 March 2018 (Rs. in Lakhs)
12a Borrowings		
From Banks (Secured)		
SBI term loan	1,573.91	1,573.91
IDBI term loan	323.97	323.97
From Others		
M.N Chemicals	20.00	20.00
Total	1,917.88	1,917.88
12a.1	Term Loan from State Bank of India and IDBI Bank Limited is Secured by 1st pari passu charge on entire fixed assets of the company both present and future basis at SBI with other Term Loan Lendors i.e. IDBI Bank for their Term Loan and 2nd charge on all current assets of the company situated at G.T.Road,Village Beopror,Tehsil-Rajpura,District Patiala. Current and non current liability of Term Loan has not been considered as maturity profiles and repayment schedule of principal/interest on outstanding secured loan cannot be ascertained as accounts with banks slipped into sub standard category. All Secured Loans have also been guaranteed by the director of the Company In the absence of information on interest on outstanding dues to the bank in respect to sub-standard accounts,bank balances are subject to confirmation from Bank Statements.	
12b Other Financial Liabilities		
Security Deposit	0.75	-
Other Long term liabilities	80.00	80.00
Total	80.75	80.00
	Security Deposit includes security received from transporters and employees	
13 Provisions		
Provision for Gratuity	51.46	45.08
Total	51.46	45.08
14 Deferred Tax Liabilities (net)		
Deferred Tax Liabilities	1,166.05	1,166.02
Total	1,166.05	1,166.02
15a Borrowings		
From Banks		
Loans repayable on demand	9,970.24	9,970.24
Total	9,970.24	9,970.24
15a.1	Working capital loans from banks are primarily secured by hypothecation of stocks, book debts and entire present and future tangible current asset of the company and personally guaranteed by the director of the company. It is further secured by second charge on block of assets of the company. The slowing industrial activity and depressed market conditions had seriously affected the operations of the company.The accounts of the Company in respective Banks has been declared as Non Performing Assets & the company has gone into Corporate Insolvency Resolution Process ("CIRP") vide order of the National Company Law Tribunal, New Delhi Bench ("NCLT") dated November 16, 2017, under the provision of the Insolvency & Bankruptcy Code 2016 ("Code").	
15b Trade Payables		
Micro Small and Medium Enterprises	24.44	-
Trade Payables	176.51	317.10
Total	200.95	317.10

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019	As at 31 March 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
15c Other Financial Liabilities		
Current Maturities	-	-
Other Financial Liabilities	-	32.01
Cheques issued but not presented for payment	170.25	6.38
Due to Employees	52.74	53.94
Total	222.98	92.33
15c.1 Unclaimed Dividend include Rs 4.32 lacs which is due to be credited to Investor's Education and Protection Fund but the same has not been deposited as the account has not been deposited and is under the process to be paid.		
16 Other current Liabilities		
Statutory dues payables	59.51	4.75
Advance from customers	50.93	37.90
Deferred Income	-	-
Total	110.44	42.65
17 Provisions		
Other Provisions	-	-
Provision for Employee benefits	5.65	11.01
Total	5.65	11.01

Provision for employee benefit includes short term Gratuity payable determined as per Actuarial Valuation

	As at 31 March 2019	As at 31 March 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
18 Revenue from operations		
a) Sale of products	7,451.87	13,044.18
b) Sale of services	-	26.17
Total	7,451.87	13,070.35
19 Other Income		
a) Interest income	0.18	10.11
b) Other non operating income		
Rental Income	1.20	1.20
Sundry balance written back	-	38.30
c) Others	5.50	76.23
Total	6.88	126.34
20 Cost of materials consumed		
Opening stock	464.60	2,306.03
Add : Purchases (Net)	6,862.13	11,974.84
Less: Closing Stock	(584.93)	(464.60)
Total	6,741.80	13,816.26
21 Change in work -in-progress ,inventories of finished goods, stock in trade and		
Opening stock		
Work-in-Progress	149.93	266.10
Finished Goods / Stock in Trade	239.09	362.36
Less: Closing Stock		
Work-in-Progress	239.91	149.93
Finished Goods / Stock in Trade	126.28	239.09
Total	22.83	239.43

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019 (Rs. in Lakhs)	As at 31 March 2018 (Rs. in Lakhs)
22 Employee benefit expense		
Salary, Wages and other Allowances	311.58	390.04
Contribution to Provident and other funds	16.78	(2.27)
Staff Welfare Expenses	3.79	6.27
Total	332.15	394.04
23 Finance cost		
Interest Expense	4.11	445.39
Other Borrowings Cost	0.31	5.48
Total	4.42	450.87
24 Other expenses		
a.) Manufacturing Expenses		
Power and Fuel	40.64	64.52
Other manufacturing expenses	8.00	14.90
Machinery Repairs and Maintenance	7.33	13.52
Sub-Total	55.97	92.94
b.) Administrative & Other Expenses		
Rent, rates fees and taxes	8.04	11.31
Insurance	3.66	6.33
Legal & Professional Expenses	19.78	23.09
Travelling & Conveyance	23.86	31.56
Postage telegram and telephone	4.48	5.03
Repairs and Maintenance	28.66	30.27
Payment To Auditor		
i) Audit Fees	2.00	2.00
ii) In Other Capacity	-	0.41
iii) Reimbursement of Expenses	0.62	0.00
Printing and stationary	3.73	3.45
Directors Remuneration	24.00	24.00
Director travelling and conveyance	-	1.96
IRP expense	101.45	38.50
Miscellaneous Expenses	14.83	25.67
Sub-Total	235.10	203.58
c.) Selling Expenses		
Forwarding and Octroi	24.33	42.85
Commission & Brokerage	-	4.27
Other Selling Expenses	0.75	525.37
Sub-Total	25.08	572.49
Total (a+b+c)	316.16	869.01
24a Exceptional items	-	1,353.94
	0.00	1,353.94

The exceptional items include sundry debtor written off amounting to Rs. 1033.98 lacs and provision for Misc. expenses amounting Rs. 319.95 lacs as on 31.03.2018.

	As at 31 March 2019	As at 31 March 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
25 Tax expense		
(1) Current tax	-	-
(2) Deferred tax	-	146.06
Total	0.00	146.06

26. CONTINGENT LIABILITIES NOT PROVIDED FOR :

Details of all material litigation and ongoing investigation or proceeding initiated by the government and statutory authorities		
S. No.	Name of Statute	Amount Involved (in Lakhs)
1	Income Tax	315.12
2	Entry Tax	29.88

Details of all material litigation and ongoing investigation or proceeding initiated by the government and statutory authorities		
S. No.	Name of Statute	Amount Involved (in Lakhs)
1	Punjab State Power Corp. Ltd.	220.20
2	Sale Tax	3.20
Total		223.40

Litigation of Excise, Custom and Service Tax		
S.NO	Nature	Amount Involved (in Lakhs)
1	Excise and Customs	40.06
2	Service Tax	0.51
Total		40.56

Particulars	(Amt. in Lakhs)
Civil and Law Suits against or by the company	212.54

27. Export obligation:

The company has gone into Corporate Insolvency Resolution Process ("CIRP") vide order of the National Company Law Tribunal, New Delhi Bench ("NCLT") dated November 16, 2017, under the provision of the Insolvency & Bankruptcy Code 2016 ("Code"). Export obligations: the company has following export obligation which have not been fulfilled yet.

The company has export obligations of '714.57 lacs since 1st April, 2015 to export goods against issuance of Import Licenses/ Advance Licenses for the Import of Capital Goods and Raw Materials.

28. In the opinion of the management the current assets and loans and advances have a value on realisation in the ordinary course of bussiness at least equal to the value at which they are stated in the foregoing balancesheet, unless otherwise stated.

29. Earnings Per Share (EPS) (Ind AS-33)

	18-19	17-18
Profit/(loss) after Tax (Rs. in ₹lacs)	(642.50)	(5,158.85)
Weighted average no. of ordinary shares	7,895,200.00	7,895,200.00
Weighted average no. of diluted shares	7,895,200.00	7,895,200.00
Nominal value of ordinary share (₹)	10.00	10.00
Basic / Diluted Earning Per Share (₹)	(8.14)	(65.34)

30. Company operates in only one segment viz iron and steel.

31. Related Party Disclosures as required by IND AS-24 issued by the ICAI are as under:

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

1 Associates

JSW Vallabh Tinplate Pvt. Ltd.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

	As at 31 March 2019	As at 31 March 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
2. Key Management Personnel		
a) Mr.Rahul Jain		
b) Mr.Anil Kumar Surya		
3. Relatives of Key Management Personnel		
a) Lata Jain		
b) Megha Jain		
4 Enterprises in which Key Management Personnel and relative of such personnel is able to exercise significant influence or control		
a) Vallabh Steels Ltd.		
b) Vallabh Steel West Pvt.Ltd.		
c) Vallabh Textiles Co.Ltd.		
d) Vallabh Steel East Limited		

Nature of Transactions with Related Parties

	(Rs. in Lakhs)	(Rs. in Lakhs)
	18-19	17-18
JSW Vallabh Tinplate Pvt.Ltd.		
Sale of Goods	487.94	497.21
Purchase	0.76	1.18
Expenses paid by VIL	5.67	7.87
Expenses paid by JVTPL	-	25.58
Payments by JVTPL on VIL's behalf	605.29	-
Receipts	3.85	-
Payments made by VIL	10.27	-
Relatives		
Purchase of Shares	-	1050.00
Sale of Shares	-	1050.00
Vallabh Steels Ltd.		
Sale of Goods	0.37	503.71
Purchase of goods	4.09	10.38
Guest House expenses	1.62	0.00
Expenses paid by VSL	0.13	-
Payments made to VSL	3.86	-
Vallabh Steel West Pvt. Ltd.		
Sale of Goods	-	281.48
Expenses paid	-	19.36
Vallabh Textiles Co. Ltd.		
Purchase of Goods	0.05	0.30
Purchase of Fixed Assets	-	5.56
Expenses paid by VIL	5.66	3.93
Expenses paid by VTCL	3.21	-
Payments received from VTCL	5.21	-

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(b) Detail of transactions entered into with related parties during the year:

Particulars	(Rs. in Lakhs)		(Rs. in Lakhs)	
	Associates		Key Management Personnel (KMP)	
	18-19	17-18	18-19	17-18
Remuneration to KMP	-	-	35.80	35.50
Sale of Goods	487.94	497.21	-	-
Purchase	0.76	1.18	-	-
Expenses paid by VIL	10.95	7.87	-	-
Expenses paid by JVTPL	-	25.58	-	-
Payments by JVTPL on VIL's behalf	605.29	-	-	-
Receipts	3.85	-	-	-
Payments made by VIL	5.00	-	-	-

Particulars	(Rs. in Lakhs)		(Rs. in Lakhs)	
	Enterprises in which Key Management Personnel and relative of such personnel is able to exercise significant influence or control .		Relatives of Key Management Personnel	
	18-19	17-18	18-19	17-18
Sale of Goods	0.37	785.19	-	-
Purchase of goods	4.13	10.68	-	-
Purchase of Fixed Assets	-	5.56	-	-
Expenses paid	-	19.36	-	-
Expenses paid by VIL	5.66	3.93	-	-
Purchase of Shares	-	-	-	1050.00
Sale of Shares	-	-	-	1050.00
Guest House expenses	-	1.62	-	-
Expenses paid by VSL	-	0.13	-	-
Payments made to VSL	-	3.86	-	-
Expenses paid by VTCL	-	3.21	-	-
Payments received from VTCL	-	5.21	-	-

Remuneration of KMP	(Rs. in Lakhs)		(Rs. in Lakhs)
PARTICULARS	As at 31st March, 2019		As at 31st March, 2018
(i) Short Term Benefits		35.80	35.50
Total		35.80	35.50

32 Earning in Foreign Currency

PARTICULARS	As at 31st March, 2019	As at 31st March, 2018
	(Rs. in Lakhs)	(Rs. in Lakhs)
Earnings in Foreign Exchange		
i) F.O.B. Value of Exports	-	121.68

33 Value of Imported and Indigenous Raw Material, Consumables, Spare Parts, Components & Store Consumed.

PARTICULARS	As at 31st March, 2019		As at 31st March, 2018	
	(Rs. in Lakhs)	(in %age)	(Rs. in Lakhs)	(in %age)
Raw Material, Consumables, Stores, Spares Parts & Components				
(i) Indigenous	6741.80	100%	13816.26	100%
(ii) Imported	-	-	-	-

34 Significant accounting judgements, estimates and assumptions

Judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

35 Post Retirement Benefits Plan (Ind AS 19)

Defined Benefit Plan

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

PARTICULARS	As at 31st March, 2019 (Rs. in Lakhs)	As at 31st March, 2018 (Rs. in Lakhs)
Changes in defined benefit obligation		
Present value obligation as at the start of the year	53.07	25.39
Interest cost	4.11	1.97
Current service cost	6.36	6.79
Past service cost	-	3.16
Actuarial loss/(gain) - Experience Changes	(4.49)	-
Actuarial loss / (Gains) Financial Assumption	-	19.32
Benefits paid	<u>(5.19)</u>	<u>(3.55)</u>
Present value obligation as at the end of the year	<u>53.87</u>	<u>53.07</u>
Breakup of Actuarial gain/loss:		
Actuarial (gain)/loss on arising from change in financial assumption	-	(3.78)
Actuarial (gain)/loss on arising from experience adjustment	(4.49)	23.10
Return on plan assets (greater)/less than discount rate	<u>-</u>	<u>-</u>
	<u>(4.49)</u>	<u>19.32</u>
Net Asset/(Liability) recognized in Balance Sheet		
Present value obligation as at the end of the year	53.87	53.07
Fair value of plan assets as at the end of the year	<u>-</u>	<u>-</u>
Net Asset/(Liability) in Balance Sheet	<u>53.87</u>	<u>53.07</u>
Amount recognized in the statement of profit and loss		
Current service cost	6.36	6.79
Past service cost	-	3.16
Interest cost	4.11	1.97
Interest Income on plan assets	<u>-</u>	<u>-</u>
(Income)/Expense recognised in the statement of profit and loss	<u>10.48</u>	<u>11.91</u>
Remeasurements recognised in the statement of Other Comprehensive Income (OCI)		
Experience Adjustments	(4.49)	23.10
Changes in Financial Assumptions	-	(3.78)
Return on plan assets (greater)/lesser than discount Rates	<u>-</u>	<u>-</u>
Net Loss /(Gain) recognised in other comprehensive income	<u>(4.49)</u>	<u>19.32</u>
3.4: Current Liability (*Expected payout in next year as per schedule III of the Companies Act, 2013) :		
Period	As at 31st March, 2019	As at 31st March, 2018
Current Liability (Short Term)*	2.42	7.99
Non Current Liability (Long Term)	51.46	45.08
Total Liability	53.87	53.07
Actuarial assumptions		
Discount rate	7.75%	7.50%
Salary Escalation Rate	5.00%	5.00%
Employee turnover Rate		
(18 to 30 Years)	5.00%	5.00%
(30 to 44 Years)	3.00%	3.00%
(44 to 60 Years)	2.00%	2.00%
Mortality Rate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience

Sensitivity analysis for gratuity liability

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are :

Impact of the change in discount rate	2018-19	2017-18
a) Impact due to increase of 1.00%	48.82	48.36
b) Impact due to decrease of 1.00%	59.79	58.59
Impact of change in salary Escalation Rate	-	-
a) Impact due to increase of 1.00%	58.86	57.65
b) Impact due to decrease of 1.00%	49.60	49.16
Impact of change in Employee turnover Rate	-	-
a) Impact due to increase of 1.00%	55.04	54.16
b) Impact due to decrease of 1.00%	52.53	51.82

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the reporting period.

Expected Future cash flow

The expected future cash flow in respect of gratuity as at 31st March, 2019 were as follows

Expected contribution

The expected future employer contributions for defined benefit plan as at 31st March, 2019 (for the year ended 31st March,) 2019 i.e. 7.90 lacs

Weighted average duration of defined plan obligation (based on discounted cash flow)

Gratuity	15 years		14 years
	As at 31st March, 2019 (Rs. in Lakhs)	PARTICULARS	As at 31st March, 2018 (Rs. in Lakhs)
Description		Description	
March 31, 2020	2.42	March 31, 2019	8.08
March 31, 2021	4.76	March 31, 2020	2.47
March 31, 2022	3.51	March 31, 2021	4.08
March 31, 2023	5.81	March 31, 2022	3.44
March 31, 2024	3.23	March 31, 2023	5.06
March 31, 2024 Onwards	64.23	March 31, 2023 Onwards	59.32

36. Fair value measurement

(a) Financial instruments by category and hierarchy

For amortised cost instruments, carrying value represents the best estimate of fair value.

PARTICULARS	As at 31st March, 2019 (Rs. in Lakhs)			As at 31st March, 2018 (Rs. in Lakhs)		
	FVTPL	FVOCI	Amortized cost	FVTPL	FVOCI	Amortized cost
Financial Assets						
Equity instruments	-	175.51	-	384.92	-	-
Trade receivables	-	-	62.75	-	-	159.45
Cash and cash equivalents	-	-	328.01	-	-	397.47
Other Bank Balance	-	-	0.79	-	-	-
Security Deposit	-	-	32.09	-	-	31.96
Loans	-	-	3449.99	-	-	3561.67
Total		175.51	3873.63	384.92		4150.55

Financial Assets and Liabilities measured at fair value - recurring fair value measurements

PARTICULARS	As at 31st March, 2019			As at 31st March, 2018		
	(Rs. in Lakhs)			(Rs. in Lakhs)		
	FVTPL	FVOCI	Amortized cost	FVTPL	FVOCI	Amortized cost
Financial Liabilities						
Borrowings	-	-	1,917.88	-	-	1,917.88
Security deposit	-	-	0.75	-	-	-
Other Long term liabilities	-	-	80.00	-	-	80.00
Current Borrowings	-	-	9,970.24	-	-	9,970.24
Trade payable	-	-	200.95	-	-	317.10
Other Financial Liabilities	-	-	222.98	-	-	85.94
Total	-	-	12392.80	-	-	12371.16

(b) Fair value hierarchy

The Company has classified its financial instruments into the three levels prescribed under the Indian accounting standards. (Ind AS 107) An explanation of each level follows under the table.

PARTICULARS	As at 31st March, 2019			As at 31st March, 2018		
	(Rs. in Lakhs)			(Rs. in Lakhs)		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets						
Equity instruments	94.88	—	410.05	96.30	—	288.62
Total	94.88	—	410.05	96.30	—	288.62

Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed

PARTICULARS	As at 31st March, 2019			As at 31st March, 2018		
	(Rs. in Lakhs)			(Rs. in Lakhs)		
	Level 1	Level2	Level 3	Level 1	Level2	Level 3
Financial Assets						
Trade Recievables	-	-	62.75	-	-	159.45
Cash and cash equivalents	-	-	328.01	-	-	397.47
Other Bank Balances	-	-	0.79	-	-	-
Security Deposit	-	-	32.09	-	-	31.96
Loans	-	-	3449.99	-	-	3561.67
Total	-	-	3873.63	-	-	4150.55

PARTICULARS	As at 31st March, 2019			As at 31st March, 2018		
	(Rs. in Lakhs)			(Rs. in Lakhs)		
	Level 1	Level2	Level 3	Level 1	Level2	Level 3
Financial Liabilities						
Borrowings	-	-	1917.88	-	-	1917.88
Security deposit	-	-	0.75	-	-	-
Other Long term liabilities	-	-	80.00	-	-	80.00
Current Borrowings	-	-	9970.24	-	-	9970.24
Trade payable	-	-	200.95	-	-	317.10
Other Financial Liabilities	-	-	222.98	-	-	85.94
Total	-	-	12392.80	-	-	12371.16

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3

(c) Fair value of Financial Assets and Liabilities measured at amortised cost

PARTICULARS	As at 31st March, 2019		As at 31st March, 2018	
	(Rs. in Lakhs)		(Rs. in Lakhs)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Security Deposits	32.09	32.09	31.96	31.96
Loans	3,449.99	3,449.99	3,561.67	3561.67
Total	3,482.08	3,482.08	3,593.63	3,593.63
Financial Liabilities				
Borrowings	1,917.88	1,917.88	1,917.88	1917.88
Security Deposits	0.75	0.75	-	0.00
Total	1,918.63	1,918.63	1,917.88	1,917.88

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to short term nature. The fair values for security deposits was calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The fair values of non-current borrowings are based on discounted cash flows using a current borrowings rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

37. Financial risk management:

"The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include Investment, loans, trade and other receivables, and cash & cash equivalents that derive directly from its operations. The slowing industrial activity and depressed market conditions had seriously affected the operations of the company. The accounts of the Company in respective Banks has been declared as Non Performing Assets & the company has gone into Corporate Insolvency Resolution Process ("CIRP") vide order of the National Company Law Tribunal, New Delhi Bench ("NCLT") dated November 16, 2017, under the provision of the Insolvency & Bankruptcy Code 2016 ("Code")."

Trade receivables

Credit risk related to trade receivable are mitigated by taking credit insurance for domestic sale/letter of credit for export sale, which result in low credit risk. The company closely monitors the credit-worthiness of debtors through internal system that are configured to define credit limits of customers, thereby, limiting the credit risk to pre-calculated amounts.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

PARTICULARS	Gross carrying amount of trade receivables		Effect on Profit I
	As at 31st March, 2019 (Rs. in Lakhs)		As at 31st March, 2018 (Rs. in Lakhs)
Ageing			
Not due	-		-
0-60 days past due	54.53		142.86
60-90 days past due	1.46		0.65
90-180 days past due	2.02		15.95
180-365 days past due	4.75		-
more than 365 days past due	-		-

38. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

PARTICULARS	As at 31st March, 2019 (Rs. in Lakhs)	As at 31st March, 2018 (Rs. in Lakhs)
	Borrowings	11888.12
Trade payables	200.95	317.10
Less: Cash and cash equivalents	328.80	397.47
Net debt	11760.27	11807.74
Equity	794.76	794.76
Capital and net debt	12555.03	12602.50
Gearing ratio	93.67%	93.69%

For KR AGGARWAL AND ASSOCIATES,
Chartered Accountants
FRN: 030088N

CA Vivek Aneja
Partner
M. No. 544757

Place : Ludhiana
Dated : 30.05.2019

For and on behalf of board

(Rahul Jain)
Managing Director
DIN: 00755312

(Ajay Singh)
Director
DIN: 07746342

(Anil Kumar Surya)
Chief Financial Officer

(Reema)
Company Secretary

ATTENDANCE SLIP

I/We hereby record my/our presence at the 35th Annual General Meeting held on Friday, the 27th September, 2019 at 11.00 A.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: _____
 DPID*: _____ Folio No. : _____
 Client ID*: _____ No. of Share(s) held: _____

Sr. No.	Resolution	I/We assent to the Resolution	I/We dissent to the Resolution
		For**	Against**
Ordinary Business:			
1.	To receive, consider and adopt Standalone and Consolidated Audited Financial Statements, Reports of the Board of Directors and Auditors for the financial year ended 31 st March, 2019.		
2.	To appoint a Director in place of Mr. Rahul Jain, who retires from the office by rotation and being eligible, offers himself for re-appointment as Director of the Company.		
Special Business:			
3.	To re-appoint Mr. Rahul Jain as Managing Director		
4.	To re-appoint Mr. Ashok Kumar Jain as Independent Director		
5.	To consider and ratify the Remuneration of Cost Auditors of the Company for the financial year ending 31 st March, 2020.		
6.	To consider and approve the appointment of the Secretarial Auditors of the Company for the financial year 20 19-20		

(SIGNATURE OF SHAREHOLDER/PROXYHOLDER) _____

Notes:

- (i) Members/Proxy holders 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.

*Applicable for investors holding shares in electronic form.

** Please tick anyone

FORM NO. MGT-11, PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules 2014)

Name of the member(s): _____ Registered Address: _____
 D.P. ID*: _____ Folio No.: _____
 Client ID*: _____ No. of Share(s) held: _____

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 35th Annual General Meeting of the Company to be held on Friday, the 27th day of September, 2019 at 11.00 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution	I/We assent to the Resolution	I/We dissent to the Resolution
		For**	Against**
Ordinary Business:			
1.	To receive, consider and adopt Standalone and Consolidated Audited Financial Statements, Reports of the Board of Directors and Auditors for the financial year ended 31st March, 2019.		
2.	To appoint a Director in place of Mr. Rahul Jain, who retires from the office by rotation and being eligible, offers himself for re-appointment as Director of the Company.		
Special Business:			
3.	To re-appoint Mr. Rahul Jain as Managing Director		
4.	To re-appoint Mr. Ashok Kumar Jain as Independent Director		
5.	To consider and ratify the Remuneration of Cost Auditors of the Company for the financial year ending 31 st March, 2020.		
6.	To consider and approve the appointment of the Secretarial Auditors of the Company for the financial year 20 19-20		

Signed this ____ day of September, 2019. Signature _____

Affix
Revenue
Stamp

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.

* Applicable for investors holding shares in electronic form.
 ** Please tick anyone.