



Spinning growth.
Creating value.

Vardhman Polytex Limited
31st Annual Report, 2010-11

“We are committed to invest in cutting-edge technologies to emerge bigger and stronger”



Dear Shareholders,

The global economy gathering momentum and a favourable year for the textile industry combined to accelerate the Company's growth and help consolidate its industry position during 2010-11. For the financial year ended March 31, 2011, the gross turnover of the Company was Rs. 716.44 cr compared to Rs. 527.79 cr in the previous year. The Company registered an EBITDA of Rs. 105.53 cr (Rs. 66.86 cr in 2009-10) and a profit before tax of Rs. 35.85 cr as against a loss of Rs. (30.69) cr in the previous year.

Here it would be relevant to mention that the Oswal F.M. Hammerle Textile Ltd., Company's subsidiary has also turned to earn cash profits marginally during the year 2010-11. The company achieved the turnover of Rs. 85 cr and EBITDA of Rs 12.02 cr and cash profit of Rs. 2.80 cr. We expect the Company will do better in the future.

Economy

Robust growth and fiscal consolidation were the hallmark of the Indian economy in 2010-11. India's GDP growth rate was 8.6 percent in 2010-11 and is expected to be marginally lower in 2011-12. The growth was broad-based with a rebound in the agriculture sector to around 5.4 per cent. However food inflation, higher commodity prices and volatile global commodity markets underscored the need for fiscal consolidation and stronger reserves.

Textile industry

The textile industry retained its position as one of the largest Indian sectors in terms of output, foreign exchange earnings and employment. India's textile industry contributes approximately 14% to India's industrial production, 4% to its GDP and 17% to the country's exports. It provides direct employment to over 35 million people and is the second largest provider of employment after the agricultural sector. The industry is expected to grow from an estimated size of US\$ 70 billion today to US\$ 110 billion by 2015.

Since there was a global shortage of cotton, the Indian government banned cotton exports last year; as a result, cotton and yarn prices increased substantially in 2010-11 to a 10-year high. The increase in yarn prices was fortunately in line with spurt in raw material price which helped in maintaining good profitability for yarn manufacturing companies during FY 2010-11.

However, this trend was abbreviated during the first quarter of 2011-12 when cotton prices declined sharply, pulling down yarn realizations. At Vardhman Polytex, we see this decline as temporary and while the record realizations of the previous year may not recur, there is reason to believe that realizations will stabilize at a level that represents value for consumers and producers alike.

Opportunities and challenges

Vardhman Polytex expects to build on its competitive position through its strong domain expertise, integrated state-of-the-art production facilities, product innovation, Value addition and broadening global customer base .

On the other hand, value buying by consumers, continued weakness in developed geographies, prospect of higher domestic inflation, fiscal tightening, proposed imposition of mandatory levy on branded garments and rising interest rates continue to challenge the prospects of the textile industry.

As a proactive textile products company, Vardhman Polytex embarked on investments to expand capacities of all its products with approximate capex of Rs. 200 crores. We will be a Company of 2,06,672 spindles after the completion of Nalagarh spinning project. We are trying to achieve the desired results by optimising the cost control and addition of value added products.

This expansion is relevant: it will be timed with India's burgeoning domestic market, increasing per capita and disposable income coupled with favourable demographics.

This will enable Vardhman Polytex to emerge larger, stronger and more profitable in an exciting future.

Sincerely



Ashok Oswal
Chairman & Managing Director

BOARD OF DIRECTORS

Mr. Ashok Oswal
– *Chairman & Managing Director*
Dr. Balbir Singh Bhatia
Mr. Ajay Chaudhry
Mr. Manohar Dattatraya Kanitkar
Mr. Adish Oswal
– *Executive Director*

CEO — CORPORATE

Dr. Rakesh Mittal

CHIEF FINANCIAL OFFICER

Mr. Parvinder Singh

COMPANY SECRETARY

Mr. Sushil Sharma

AUDITORS

M/s S.S. Kothari Mehta & Co., New Delhi

BANKERS

Canara Bank
State Bank of India
State Bank of Patiala
Punjab National Bank
Corporation Bank
Bank of India
Axis Bank Ltd.
Bank of Baroda
Bank of Maharashtra
Punjab & Sind Bank
United Bank of India
Allahabad Bank

WORKS

- Vardhman Polytex Ltd., Badal Road, Bathinda - 151 005
- Vinayak Textile Mills (Spinning Unit), D-295/1, Phase VIII, Focal Point, Ludhiana - 141 123
- Vinayak Textile Mills (Dyeing Unit), D-295/1, Phase VIII, Focal Point, Ludhiana - 141 123
- Anshupati Textiles, 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana - 141 123
- Amkryon International
HB-22, Phase-VI, Focal Point, Ludhiana - 141 123

REGISTERED & CORPORATE OFFICE

341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana - 141 123
Phones : +91-161-2685301-305
Fax : +91-161-5052439
E-mail: vpl.sect@oswalgroup.com
Website: www.oswalgroup.com

ADMINISTRATIVE OFFICE

305, Ansal Bhawan, 16, K.G. Marg, New Delhi - 110 001
Phones : +91-11-23311582, 23312478,
Fax: +91-11-23312477

BRANCHES

307, Ansal Classique Tower, Rajouri Garden, New Delhi - 110 027
B/31/5436, St. No. 0, Vishwkarma Nagar, Tajpur Road, Ludhiana - 141 008

REGISTRAR & SHARE TRANSFER AGENT

M/s Alankit Assignments Limited
2E/21, Alankit House
Jhandewalan Extension,
New Delhi - 110 055

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NOTICE

NOTICE is hereby given that the THIRTY FIRST ANNUAL GENERAL MEETING of the members of the Company will be held on Monday, the 29th day of August, 2011 at 11:00 a.m. at the Registered Office of the Company situated at 341K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141123 to transact the following business :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date, together with the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. M. D. Kanitkar, who retires by rotation in accordance with Article-147 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint Auditors for the year 2011-12 and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a 'Special Resolution':

"RESOLVED THAT in pursuance of the provisions of Sections 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment(s), modification(s) or re-enactment thereof, for the time being in force) as also the provisions of Foreign Exchange Management Act, 2000 (FEMA) as amended, and rules and regulations made thereunder, provisions of Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI (ICDR) Regulations") and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions, if and as applicable, of the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) or/and all other appropriate and/or concerned authorities, and in accordance with the regulations, guidelines and clarifications issued by such authorities from time to time and subject to such applicable conditions and modifications, as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ("Board") (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more foreign markets or domestic markets, equity shares and/or instruments convertible into or linked to equity shares, optionally or otherwise, including but not limited to Global Depository Receipts (GDR's)/American Depository Receipts (ADR's)/ Foreign Currency Convertible Bonds (FCCB's) or any combination thereof (hereinafter referred to as "Securities") for an aggregate sum upto Rs. 150 Crore (Rupees One hundred fifty crore only), in Indian Currency and/or any other currency(ies) inclusive of such premium, with or without green shoe option and/or underwriting option as may be decided by the Board, to Indian/Foreign/Resident/Non-resident Investors (whether Institutions, Corporate Bodies, Mutual Funds/Trusts/ Foreign Institutional Investors/Banks and/or Individuals, or otherwise and whether or not such investors are Members, Promoters, Directors or their relatives/associates, of the Company) through Public Issue(s), Private Placement(s) or any other permitted mode or combination thereof or through Qualified Institutional Placement (QIP) in terms of various laws, guidelines and regulations including SEBI (ICDR) Regulations, if applicable, and to such categories of investors and in such tranche or tranches, at such price or prices whether at a discount or premium to market price or prices in such manner and on such terms and conditions as the Board may in its discretion decide in consultation with the Book Runner(s)/Lead Manager(s), Underwriter(s), Advisor(s) to the Issue, so as to enable the Company to get the Securities listed at any Stock Exchanges in India and/or any other Overseas Stock Exchanges."

"RESOLVED FURTHER THAT in an event of issue of Securities by way of Qualified Institutional Placement under Chapter VIII of SEBI (ICDR) Regulations:

1. the 'Relevant Date' on the basis of which the price of the securities shall be determined as specified under said regulations shall be

the date of the meeting in which the Board or the Committee of Directors duly authorized by the Board decides to open the proposed issue of the Securities;

2. the allotment of securities shall be completed within 12 months from the date of this resolution approving the proposed issue or such other time as may be allowed by the SEBI (ICDR) Regulations from time to time; and
3. the securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange in India or except as may be permitted from time to time by the SEBI (ICDR) Regulations;"

"RESOLVED FURTHER THAT the underlying equity shares so issued shall rank pari passu with the existing equity shares of the Company in all respects including dividend provided that the holder of GDRs shall not have any voting rights."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI/RBI or such other appropriate authority may impose at the time of their respective approval, if applicable, and as agreed to by the Board."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of Securities in international offering may have all or any term or combination of terms in accordance with the international practice and other applicable domestic laws."

"RESOLVED FURTHER THAT the securities issued in international offering shall / shall not be deemed to have been made abroad in the markets and/or at the place of issue of the Securities in international markets and shall be governed by English or American law or any other law as may be decided by the Board, as the case may be."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise the mode and the terms of issue including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche and to allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in the paragraph(s) above as may be necessary in accordance with the terms of offering."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into and execute all such arrangements/ agreements with any Lead Manager(s)/ Underwriter(s)/ Guarantor(s)/ Depository(ies)/ Custodian(s)/ Stabilizing Agent(s)/ Registrar(s)/ Banker(s)/ Advisor(s) and all such agencies and to remunerate them by way of payment of commission, brokerage, fees, expenses or otherwise incurred in relation to the issue of Shares and Securities or other expenses, if any or the like."

"RESOLVED FURTHER THAT the Company and/or any entity, agency or body authorized and/or appointed by the Company, may issue depository receipts representing the underlying Securities issued by the Company in negotiable, registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations (including listing on one or more stock exchanges within or outside India) and under the forms and practices prevalent in the international market for Securities listing and trading, in the stock/securities exchange so that the convertible securities or ADRs and/or GDRs are registered or listed."

"RESOLVED FURTHER THAT such of these Shares / Securities as are not subscribed may be disposed off by the Board in its absolute discretion in such a manner, as the Board may deem fit and as permissible by law."

"RESOLVED FURTHER THAT subject to applicable laws and regulations, the Board or any Committee thereof be and is hereby authorised to finalise and approve the preliminary as well as the final offer documents for the proposed issue of the Securities, determination of issue opening and closing dates and to authorise any Director or Directors of the Company or any other officer or officers of the Company to sign the above documents, including applications for listing of the Equity Shares and/ or Securities of the Company on one or more stock exchanges together with the authority to amend, vary or modify the same as such authorised persons may consider necessary, desirable or expedient and

for the purpose aforesaid, to give such declarations, affidavits, certificates, consents and/or authorities as may, in the opinion of such authorized person, be required from time to time."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may in its absolute discretion, deem necessary, desirable or expedient as considered appropriate by the Board and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said equity shares/ securities or other convertible securities (other than warrants), utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, with / without any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers to a Committee of Directors of the Company to give effect to the aforesaid resolution."

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an 'Ordinary Resolution':

"RESOLVED THAT pursuant to provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s), reenactment thereof, for the time being in force, the Authorised Share Capital of the Company be increased from the present Rs. 30,00,00,000/- (Rupees Thirty crore only) divided into 2,14,90,000 Equity Shares of Rs. 10/- each, 1,000 Redeemable Cumulative Preference Shares of Rs. 100/- each and 8,50,000 Redeemable Non Cumulative Preference Shares of Rs. 100/- each to Rs. 50,00,00,000/- (Rupees Fifty crore only) divided into 5,00,00,000 Equity Shares of Rs. 10/- each."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, existing Clause "V" of the Memorandum of Association of the Company be and is hereby amended by deleting of the same and substituting in place and stead thereof the following new Clause "V" :

"The Authorised Share Capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty crore only) divided into 5,00,00,000 (Five crore) Equity Shares of Rs 10/- (Rupees Ten only) each".

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions as may be necessary including submission of the above resolution with concerned authorities."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a 'Special Resolution':

"RESOLVED THAT pursuant to the provisions of section 31 and all other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered as follows:"

Article 5

To replace the existing Article 5 with the following:

"The Authorised Share Capital of the Company is as stated in Clause V of the Memorandum of Association of the Company with the power to increase or decrease its capital from time to time and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the Company and vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company and also to acquire, purchase, hold, re-sell any of its own fully/ partly paid shares and/or preference shares whether redeemable or not and to make any payment out of capital or out of the funds at its disposal for and in respect of such purchase subject to the provisions of the Act in force from time to time."

Article 194 (1)

To replace the word "The Board of Directors in their Meeting" with the existing words "The Company in General Meeting" in the first line of Article 194 (1).

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all ancillary and consequential matters as may be required to give effect to the above resolutions."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an 'Ordinary Resolution':

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof) the Company hereby accords its consent to the Board of Directors to mortgage and/or charge in addition to the mortgages/charges created /to be created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and/or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of business and concern of the Company in certain events of default, in favour of the lender(s), agent(s), trustee(s) for securing the borrowings of the Company availed/ to be availed by way of loan(s) (in foreign currency and/or in rupee currency) working capital limits and securities (comprising of fully/partly convertible debentures and/or secured premium notes and/or floating rates notes/ bonds or other debt instruments), issued /to be issued by the Company, from time to time, in one or more tranches, upto an aggregate limit of Rs. 600 crore (Rupees Six hundred crore only) as approved under Section 293(1)(d) of the Companies Act, 1956 together with interest at the respective agreed rates, additional interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the agent(s) and/or trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the respective loan agreement(s), heads of agreement(s), debenture trust deed(s) or loan agreements or any other document entered into/ to be entered into between the Company and the lender(s)/ investor(s)/agent(s) and/or trustee(s) in respect of the said and continuing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that and agreed to between the Board of Directors or any Committees thereof and the lender(s), agent(s), and/ or trustee(s)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise the documents and such other agreements for creation of charge as aforesaid and to do all such acts, deeds, matters and things as may be deemed necessary and expedient for giving effect to the above resolution."

By order of the Board

Sd/-

Place : Ludhiana
Date : 14th May, 2011

(Sushil Sharma)
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Items Nos. 4 to 7 and the information required pursuant to the Corporate Governance Clause of the Listing Agreement(s) regarding the director seeking re-appointment in the Annual General Meeting as proposed in Item No. 2 of the Notice are annexed hereto and both forms part of the Notice.
3. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 25.08.2011 to 29.08.2011 (Both days inclusive).**
4. Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Company/Registrar and Transfer Agent. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
5. Members desiring any information as regards to accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.

6. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
 7. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.
 8. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Share Transfer Agent of the Company.
 9. Recognizing the spirit of the Circular No. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively issued by the MCA towards 'Green Initiative', Vardhman Polytex Limited henceforth propose to send documents like the Notice convening the General Meetings, Financial Statements, Director's Report, Auditor's Report, etc. to the email address provided by the members with their Depositories/ Depository Participants (DP).
- Members are requested to update their email address with the depository participants to ensure that the annual report and other documents reach them at their preferred email address.
- The members holding shares in physical mode may also send their request to the Company by letter or by email at **vpl.sect@oswalgroup.com** to receive a soft copy of annual report by email instead of hard copy.

ANNEXURE TO THE NOTICE:

EXPLANATORY STATEMENT PURSUANT TO SECTION-173(2) OF THE COMPANIES ACT, 1956:

Item No. 4

With the liberalization policy of the Government in connection with mobilizing funds through issue of securities globally, the Company wishes to raise funds through ADRs/ GDRs/FCCBs/ QIP or any other mode. Therefore, it is proposed to raise share capital in Indian and/or International Markets, in one or more tranches, by issue of shares/securities convertible in shares as detailed in the resolution as given in attached notice and to list its securities in one or more of such markets.

The funds raised shall be utilized for one or more purposes such as capital expenditure in connection with expansion and modernization of manufacturing and marketing facilities, business acquisitions, working capital requirements arising out of increased volume of business, building capacities for existing and new lines of businesses, repayment of loans and other corporate purposes.

Consent of the shareholders is sought for offer and issue of securities as stated in the resolution which shall result in issuance of further shares of the Company in accordance with the terms and nature of securities to be issued by the Company. The Board, in consultation with its Lead Managers, Underwriters, Merchant Bankers and Advisors, will finalise detailed terms of the issue including in relation to the pricing of the issue which will be fixed keeping in view the capital market conditions/practices and, regulations, if any, issued by the Securities and Exchange Board of India (SEBI). The proposed resolution is an enabling resolution to authorize the Board of Directors to mobilize adequate resources to meet the growing needs of the Company by way of issue of above mentioned securities.

Sections 81, 81(1A) of the Companies Act, 1956 provide, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of the issuer company in the manner laid down in Section 81 unless the shareholders of such company in general meeting decide otherwise. Since the proposed Special Resolution may result in issue of shares of the Company otherwise than to the existing shareholders of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

Your Directors recommend the resolution for your approval.

None of the Directors are in any way concerned or interested in the above referred Resolution.

Item No. 5

At present, the Authorised Share Capital of the Company is Rs 30,00,00,000/- (Rupees Thirty crore only) divided into 2,14,90,000 Equity Shares of Rs. 10/- each, 1,000 Redeemable Cumulative Preference Shares of Rs. 100/- each and 8,50,000 Redeemable Non Cumulative Preference Shares of Rs. 100/- each. With a view to augment funds to meet the expansion plans, working capital

requirements and other purposes, the management is of opinion that the Authorised Share Capital of the Company shall be increased to Rs. 50,00,00,000/- (Rupees Fifty crore only) divided into 5,00,00,000 (Five crore) Equity Shares of Rs 10/- each.

Consequent to increase in the Authorised Share Capital of the Company, Clause V of the Memorandum of Association of the Company shall be required to be altered suitably so as to reflect the increase in the Authorised Share Capital.

The resolutions proposed is therefore, recommended for your approval.

None of the Directors shall be deemed to be concerned or interested in the said resolutions except to the extent of their respective shareholding in the Company.

Item No. 6

The amendments in the Articles of Association have become necessitate to reflect the increased authorised share capital, best Corporate Governance in the Company and facilitating the operational difficulties.

For amending the Articles of Association, approval of the members is required. Hence, the Board recommends the resolution for your approval.

None of the Directors shall be deemed to be concerned or interested in the said resolutions except to the extent of their respective shareholding in the Company.

Item No. 7

The Company is required to create charges over its assets, movable and immovable properties by way of hypothecation, mortgage, assignment, lien, pledge etc in favour of its lenders for the purpose of securing the loan facilities and /or working capital limits extended/ to be extended by the lenders to the Company. Further, upon occurrence of default under the relevant loan/facility agreements and other documents as may be executed by the Company with the lenders, the lenders would have certain rights in respect of the Company's assets, movable and immovable properties including the power to take over the management of business and concern of the Company in certain events of default.

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

Since the mortgage by the Company of its assets as aforesaid in favour of the lender(s) may be regarded as disposal of the Company's properties/undertakings, the approval of the members is being sought under Section 293 (1)(a) of the Companies Act, 1956 for creating the said charge. Hence, the Board recommends the resolution for your approval.

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

By order of the Board

Sd/-
(Sushil Sharma)
Company Secretary

Place : Ludhiana
Date : 14th May, 2011

INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT(S) REGARDING THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE AGM.

Name of the Director	Mr. Manohar Dattatraya Kanitkar
Date of Birth	11.12.1945
Date of Appointment	31.01.2005
Expertise in specific functional area	Textile Consultancy in Spinning, Weaving etc.
No. of Shares in VPL	NIL
Qualification	LTM, VITI, Mumbai
Directorships of other Companies as on 31st March, 2011	1. Abhishek Corporation Ltd. 2. Suvin Advisors Pvt Ltd. 3. Shivam Texmech Pvt Ltd.
Chairmanship / Membership of Committees of Companies as on 31st March, 2011	Member - Audit Committee Vardhman Polytex Ltd. Member - Investors' Grievance Committee Vardhman Polytex Ltd.
Relationship with other Directors	Not related to any director

DIRECTORS' REPORT

Dear Fellow,

The Directors of your Company have great pleasure in presenting their 31st Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS

The Financial Results for the year are as under:- (Rs. in lac)

PARTICULARS	2010-11	2009-10
Turnover	71,644.39	52,778.99
Profit before Depreciation, Interest, Tax & Exceptional Items	10,553.38	6,686.20
Interest & Financial Charges	4,236.40	3,351.05
Profit before Depreciation, Tax & Exceptional Items	6,316.98	3,335.15
Depreciation	2,731.76	2,830.50
Profit before Tax & Exceptional Items	3,585.22	504.65
Exceptional Items	--	3,574.14
Profit before Tax & after Exceptional Items	3,585.22	(3069.49)
Provision for Tax		
– Current	15.25	102.00
– Deferred	900.00	(932.67)
Profit after Tax & Exceptional Items	2,669.97	(2,238.82)
Appropriations:		
Surplus carried to the Balance Sheet	263.56	(2,406.41)
Earnings Per Share		
– Basic (in Rs.)	20.02	(20.31)
– Diluted (in Rs.)	20.02	(20.31)

2. BUSINESS PERFORMANCE

Directors are pleased to report the Company's business operations performance as follows:

• SALES REVENUE

During the year under review, the turnover of the Company was Rs. 7,1644.39 lac as against Rs. 52,778.99 lac in 2009-10, registering an increase of 35.74%. The FOB value of exports during the year increased to Rs. 21,276.44 lac from Rs. 15,070.89 lacs in 2009-10, registering a growth of 41.18%.

• PROFITABILITY

- The profit before depreciation, interest, exceptional items & tax increased by 57.84% to Rs. 10,553.38 lac during the current year from Rs. 6,686.20 lac in the previous year.
- The net profit after tax increased by 219.25% to Rs. 2,669.97 lac during the current year from a loss of Rs. (2,238.82) lac in the previous year.

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) INDUSTRY STRUCTURE, DEVELOPMENT & FUTURE OUTLOOK

The Indian textile industry is the second-largest producer and exporter of cotton and yarn. It produces about 14% of the world's production of textiles and yarn. Cotton textile production grew by 10.1 percent during April-November

2010-11 as compared with 3.6 percent during April-November 2009-10. Growth in the industrial sector was buoyant during the first two quarters of 2010-11. The manufacturing sector, in particular, showed a remarkable robustness, growing at 12.6 percent and 9.9 percent respectively during the said two quarters. Thereafter, industrial output growth began to moderate. This compares with global trends as global manufacturing continued to rebound post-crisis till the first half of 2010 and has thereafter moderated.

Post-slowdown/recession in developed economies, the Indian textile sector gathered momentum; however, export performance continues to lag substantially behind that China's growth rate as well as the world's textile exports share. India's textile exports grew by 6.31 percent during 2009-10 as against a decline of 5.0 percent during 2008-09. During April-September 2010, textile and clothing exports were of the order of US\$ 11.27 billion, recording a growth of 11.47 percent vis-a-vis exports worth US\$ 10.11 billion in April-September 2009.

Global cotton production is expected to grow by about 10-12% while consumption might grow by 7-8% in the coming year, which will help improve carryover stock of cotton. As such, cotton prices are expected to be reasonably placed next year/season as against an unpredicted rise last year. India, a major competitor in the international market on account of its own raw material, comparatively lesser power and labour cost, will make an important textile industry player and is expected to do well in the coming years.

The Indian textile industry needs diversification and value-addition across the value-chain. An important sector which is currently receiving much needed attention is the technical textiles sector. At the same time, it is important to enhance the conventional sector profitably through innovations/creativity to enhance productivity, captive consumption in terms of input material, power, among others.

(b) INTERNAL CONTROL SYSTEMS & ADEQUACY

Your Company has an adequate internal control system. There is a system of continuous Internal Audit which aims at ensuring effectiveness and efficiency of systems and operations. The internal audit is conducted by an independent Internal Audit Department and the report is reviewed by the Audit Committee of the Board consisting of independent Directors. Further, the Company has also taken steps to develop a mechanism to assess and minimise risks by having a Risk Management Committee.

(c) HUMAN RESOURCE MANAGEMENT

Your Company gives utmost importance to human resource. It considers "Human Resource as Human Capital" and believes in the development of Human Resource. The Company strongly believes in the Performance Management System and always tries to explore and tap high potential at the Group level to meet new challenges and competition. Our main tool is training and developing talent at various levels.

(d) SAFETY, HEALTH AND ENVIRONMENT

The Company's top priority is safety, with regard to employment. It encourages safety measures at all operational levels, especially at the floor level. Regular training programmes are conducted to create awareness about the importance of safety at work. Medical camps are organised periodically for the welfare of the members. Additionally, regular medical facilities are also provided to them.

The Company was awarded at the Punjab State Safety Awards

in 2010 for the largest reduction in the frequency of accidents in Textile Industry from the Punjab State Safety Award Committee and the Chief Inspector of Factories, Punjab.

e) MANAGEMENT PERCEPTION OF RISKS & CONCERNS

The cotton production in India during the year 2010-11 increased to about 320 lac bales from 292 lac bales of 2009-10. Cotton consumption increased considerably globally with a high demand for textile products. This increased consumption coupled with crop loss in China, led to global a shortage of cotton. This along with some critical decisions by the Government towards the export of cotton and cotton yarn had its impact on prices and margins too.

Recently, both cotton and yarn prices witnessed a dramatic fall in demand and prices, which created a situation of uncertainty, lack of demand and pressure on margins. It is hoped that the market will stabilise and become equitable in the near future.

However, procurement of cotton at competitive prices and arrangement of additional working capital funds will have to be strategised to control and reduce the cost of production. Efforts will be required to adopt more aggressive marketing strategies, new product development and explore new markets. The attention on quality, conservation of energy and environment practices will help it compete and sustain in the global market.

(f) FINANCIAL ANALYSIS

• RESOURCE UTILISATION

a) Fixed Assets

The gross fixed assets as at 31st March, 2011 were Rs. 44,684.54 lac as against Rs. 43,743.98 lac in the previous year. The capital work-in-progress as on 31st March, 2011 was Rs. 2,560.18 lac.

b) Working Capital

The net current assets as on 31st March, 2011 were Rs. 26,712.89 lac as compared with Rs. 17,074.99 lac in the previous year. Inventory levels were at Rs.14,439.54 lac as against Rs. 7,940.17 lac in the previous year. Debtors outstanding for more than six months were Rs. 800.64 lac as compared with Rs. 854.05 lac in the previous year.

• FINANCIAL CONDITION & LIQUIDITY

LIQUIDITY & CAPITAL RESOURCES

	2010-11	(Rs. in lac) 2009-10
Cash & cash equivalents :		
Beginning of the year	1,147.40	163.83
End of the year	2,239.86	1,147.40
Net cash provided (used) by :		
Operating Activities	1,634.55	12,795.64
Investing Activities	(2,585.50)	(3,054.23)
Financial Activities	2,043.41	(8,757.85)

4. EXPANSION PROJECT

During the year under review, your Company undertook the expansion of a spinning project with 40,800 spindles at Nalagarh (H.P.). The project is likely to start production in the second quarter of financial year 2011-12.

5. SHARE CAPITAL AND FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

During the year under review, your Company issued an aggregate of 36,17,000 equity shares of Rs. 10/- each consisting of 13,20,000 equity shares upon conversion of convertible warrants to the financial

investors belonging to the Promoter Group and 22,97,000 equity shares upon conversion of convertible warrants to the financial investors belonging to the Non-Promoter on a preferential basis at a premium pursuant to SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009. The proceeds from these preferential issues were used for the purpose of meeting long-term working capital requirements and future expansion projects of the Company.

Of the total issued Foreign Currency Convertible Bonds (FCCBs) of USD 12 million, the Company brought back the FCCBs, having a face value of USD 3.5 million at a discounted rate of 49.88% with a total outflow of USD 1.745 million with the approval of Reserve Bank of India.

6. COMPANY PETITION

A petition has been filed by M/s Maschinen Umwelttechnik Transportanlagen Gesellschaft mbH, Austria (a shareholder in Oswal F.M. Hämmerle Textiles Ltd.) against the Company U/S 397, 398, 402 & 403 of the Companies Act, 1956 in the Hon'ble Company Law Board (CLB), Principal Bench, New Delhi. The said petition is pending for the mentioning in the Hon'ble CLB.

7. DIRECTORS

Mr. M. D. Kanitkar, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

8. SUBSIDIARY COMPANIES

The Company has three Subsidiaries namely Oswal F.M. Hämmerle Textiles Ltd, F.M. Hämmerle Verwaltungs GmbH, Austria and Oswal Industrial Enterprise Private Ltd (Formerly known as Oswal Retail Private Ltd). As per Section 212 of the Companies Act, 1956, the statements showing the interest of the holding company in these subsidiaries and financial figures of subsidiaries as per Circular No. 2/2011 dated 08.02.2011 are annexed with this annual report.

9. LISTING OF SECURITIES

The securities of the Company are listed on the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. Further, Foreign Currency Convertible Bonds (FCCBs) of the Company are listed at Singapore Exchange Securities Trading Ltd.

10. REGISTRAR AND SHARE TRANSFER AGENT

M/s Alankit Assignments Limited, 2E/21, Alankit House, Jhandewalan Extension, New Delhi -110 055 is the Registrar and Share Transfer Agent of the Company.

11. FIXED DEPOSIT

During the year under review, the Company invited Fixed Deposits from the Public as per Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975. At the end of the year, fixed deposits from the public were outstanding to the tune of Rs. 68.01 lac which were well within the limits prescribed under the above said section. There were no overdue deposits as on 31st March, 2011.

12. DIVIDEND

The Board of Directors of your Company has not recommended any dividend for the year 2010-11, keeping in view the ongoing expansions, modifications and future investment possibilities, deciding to plough back the profit.

13. CORPORATE GOVERNANCE

The Company has in place a comprehensive system of Corporate Governance. A separate report on Corporate Governance forms part of the Annual Report of the Company. A certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Agreement is annexed to the report on Corporate Governance.

14. AUDITORS

M/s S.S. Kothari Mehta & Co, Chartered Accountants, New Delhi, Auditors of the Company, retires at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

15. AUDITORS' REPORT

The Auditors' Report on the Accounts of the Company for the year under review is self-explanatory and requires no comments.

16. COST AUDITORS

The Board of Directors re-appointed M/s Ramanath Iyer & Co., Cost Accountants, New Delhi as Cost Auditors of the Company under Section 233-B of the Companies Act, 1956 subject to the approval of the Central Government for the year 2011-2012. The Cost Auditors' Report for the year 2009-10 was filed with the Central Government within a prescribed time period and will be forwarded to the Central Government for the subsequent year as required under law.

17. STATEMENT OF PARTICULARS OF EMPLOYEES

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

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

Energy Conservation continues to be an area of major emphasis in your Company. Efforts are made to optimise energy costs while carrying out the manufacturing operations. Particulars with respect to conservation of energy and other areas as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are annexed hereto and forms part of this report.

19. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section - 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for the year ended on 31st March, 2011;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

20. ACKNOWLEDGEMENT

Your Directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, Bankers and Business Constituents for their continued and valuable co-operation and support to the Company. They also take this opportunity to record their appreciation of the valuable contribution made by the employees in the successful operations of the Company during the year.

For and on behalf of the Board

Place : Ludhiana
Dated: 14th May, 2011

Sd/-
(Ashok Oswal)
Chairman & Managing Director

ANNEXURES TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

(A) PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR 2010-2011, WHO WERE IN RECEIPT OF REMUNERATION WHICH IN THE AGGREGATE WAS NOT LESS THAN RS. 60, 00, 000/- PER ANNUM.

Name of the Employee	Designation	Remuneration (Rs.in lac)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Nature of duties	Particulars of Last Employment
Dr. Rakesh Mittal	CEO-Corporate	70.55	B.Sc, B. Text, Phd. (Textile)	59	36	04.08.2006	Managerial	Director & Head (Manufacturing) Pantaloon Retail (India) Ltd.

(B) PERSONS EMPLOYED FOR A PART OF THE FINANCIAL YEAR 2010-2011, WHO WERE IN RECEIPT OF REMUNERATION FOR ANY PART OF THE YEAR, AT A RATE WHICH IN THE AGGREGATE WAS NOT LESS THAN RS. 5, 00, 000/- PER MONTH

Name of the Employee	Designation	Remuneration (Rs.in lac)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Nature of duties	Particulars of Last Employment
—	—	—	NIL	—	—	—	—	—

NOTES:

- Remuneration includes salary, commission, house rent allowance, bonus, contribution to provident fund, leave travel concession, medical assistance, and other allowances paid in cash and taxable value of non-cash perquisites.

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011

I. CONSERVATION OF ENERGY

The Company has over the previous years taken several steps to conserve energy, wherever possible. The Energy Conservation Cell of the company continuously conducts studies, verification, monitors the consumption and utilisation of energy including identification of energy conservation areas.

ENERGY CONSERVATION MEASURES TAKEN & IMPACT

Sr. No.	Energy Saving measures in 2010-11	Power Saving in Units
1.	Optimising the air volume and controlling fan speed in the Humidity Plants, plugging the air leakages and adjusting the air pressure, optimising the suction pressure, optimising plant operations, installation of sensor etc.	9,65,506

ADDITIONAL INVESTMENTS & PROPOSALS

Sr. No.	Energy Saving measures to be taken	Estimated Cost (Rs. in lac)	Proposed Power Saving in Units
1.	Optimising the suction and installation of Invertors, plugging the air leakages of compressed air, modification in ventilators etc.	4.75	2,10,000

FORM-A

PARTICULARS	UNIT	2010-2011	2009-2010
A. POWER & FUEL CONSUMPTION			
1 Electricity			
a) Purchased			
Units (KWH in lac)		1,164.04	1,086.60
Total amount (Rs. in lac)		5,168.12	5,085.32
Rate per unit (Rs./KWH)		4.44	4.68
b) Own Generation			
I) Through Diesel Generator			
Units (KWH in lac)		11.51	27.26
Units per litre of Diesel (KWH)		3.51	3.52
Cost per unit (Rs./KWH)		9.81	8.38
II) Through Steam Turbine /Generator HPS based Generator			
Units (KWH in lac)		9.14	42.83
Units per litre of Diesel (KWH)		3.81	3.89
Cost per unit (Rs/KWH)		11.69	7.38
2 Coal		N.A.	N.A.
3 Furnace Oil		N.A.	N.A.
4 Others/Internal Generation (Oil used in Boiler)			
Quantity (litres)		87,000	20,645
Total Cost (Rs. in lac)		28.48	6.20
Average Rate (Rs. per litre)		32.74	30.03
B. CONSUMPTION PER UNIT OF PRODUCTION			
Yarn :			
Electricity (KWH/Kg)		3.02	2.91
Garments :			
Electricity (KWH/Pcs)		0.39	0.39
Diesel (Liters/Pcs)		0.01	0.01

II. PARTICULARS AS PER FORM –B

A RESEARCH AND DEVELOPMENT (R&D):

FOCUS & EFFORTS IN R&D

- Focus on value addition on increasing combed production and slub yarns, lycra yarn, modal/cotton, supima yarn thus increasing the product range.
- Focus on controlling the raw material by evaluating it through highly precise equipment to ensure optimum utilisation of the resources.
- Monitoring & quality control through process development studies, online and offline testing and with statistical analysis.
- Effective quality tracking system for identification and attending rouge spindles/drums in preparatory, ring frame and at post spinning stage using online & off line testing instruments.
- The R&D efforts in the Company are still focused on quality and productivity improvement through analysis of test reports generated by latest quality control instruments like -Uster Cone Expert (CAY), AFIS (Advanced Fiber Information System), UT-4 (Uster Tester-4), UTJ-4 (Uster Tensojet-4), Classimat Quantum, Splice Scanner & Auto sorter.

BENEFITS DERIVED AS RESULT OF R&D

- The Company obtained "Usterized Certificate" from "Uster Technologies AG, Switzerland" in consecutive five years for maintaining consistent & better yarn quality.
- Production of 'Quantum Cleared Yarn' using Quantum & Quantum 2 gauges with latest features of vegetable filter, Hairiness, CV & Imperfection index.
- Improvement in Uster statistics level with consistency in yarn quality & better productivity
- Better productivity and quality achieved through online monitoring & analysis with 'Cone expert (CAY)' as well as other off line instruments.
- Better improvement in Splice quality, Splice strength & Splice success rate of auto-coners through regular monitoring & checking.

EXPENDITURE ON R&D

	(Rs. in lac)	
	2010-2011	2009-2010
Capital	—	29.97
Recurring	5.43	36.91
Total	5.43	66.88
Total R&D expenditure as a percentage of Turnover	0.01 %	0.13 %

B TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

During the year 2010-11, various imported and indigenous technologies installed in the units. All those technologies are fully absorbed and their details are given below:

(a) LK-64 Combers

(b) Hydraulic Bale Press

The Technology up-gradation shall help in the following ways:

- ❖ High production rate enabling shorter pay back period.
- ❖ Higher profitability because of increased capacity to produce combed yarn.
- ❖ Fine edge quality at competitive recovery to that of imported technology.
- ❖ The bale weight of Noil & droppings could be increased to 160 kg from the existing 90 kg.
- ❖ Transportation/freight cost could be reduced substantially.
- ❖ Less running cost.

The Company successfully launched SUPIMA yarn made from finest quality USA Pima Cotton, modal cotton yarns,

cotton fancy yarn, core spun yarn and organic yarn, which has better financial benefit over the regular product.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports, initiatives taken to increase exports, development of new export markets and export plans:

The Company continued its focus on increasing both in-house as well as merchant exports. The Company undertook various initiatives to increase exports by offering different products viz. cotton and acrylic yarn, dyed and blended yarn. The Company also participated in various fairs and exhibitions to explore new markets and expand its customer base.

Total Foreign Exchange earned and used

(Rs. in lac)

PARTICULARS	2010-11	2009-10
a) Earnings (FOB value of exports)	21,276.44	15,070.89
b) Outgo (CIF value of imports and expenditure in foreign currency)	1,308.80	829.34

CORPORATE GOVERNANCE REPORT

Corporate Governance assumes a great deal of importance in the business life of the Company. The Company's goal is to find creative and productive ways of delighting its stakeholders, i.e. investors, customers & associates, while fulfilling the role of a responsible corporate representative committed to best practices. This section besides being in compliance of the mandatory Listing Agreement gives an insight into the process of functioning of the Company.

1. COMPANY'S PHILOSOPHY

- ✓ Total Customer Delight
- ✓ Competing with the best
- ✓ Total Quality People
- ✓ Product Quality a way of life
- ✓ Continued improvement through innovation & creativity
- ✓ State of Art Technology with ultramodern R&D facilities
- ✓ Respect of every VPL Parivar Member
- ✓ Achieving Excellence through culture integration
- ✓ Change a way of life
- ✓ Act as responsible corporate citizen and discharge our social responsibilities

2. BOARD OF DIRECTORS

a) Composition

The Board consists of 5 (Five) Directors out of which 2 (Two) are Executive Directors and 3 (Three) are Non-Executive Independent Directors. Company is having majority of independent directors on the Board.

b) Board Meetings

During the year under review, 9 (Nine) Board Meetings were held on 08.05.2010, 02.07.2010, 03.08.2010, 21.09.2010, 15.10.2010, 15.01.2011, 14.02.2011, 26.02.2011 & 29.03.2011.

Detail of composition of the Board, number of Board Meeting attended, attendance at last AGM, other directorship held, chairmanship & membership of the committees and shareholding in Company are as given below:

Name of Directors	Category of Directors	Share holding in the Company	No. of Board Meetings attended	Attendance at last AGM	Total No. of Directorships in other Public Ltd. companies	No. of Committee*	
						Memberships	Chairmanships
Mr. Ashok Oswal DIN 00009403	Chairman & Managing Director	127748	4	Yes	1	2	--
Mr. Ajay Chaudhry DIN 00055733	Non-Executive Independent Director	NIL	9	Yes	2	--	3
Dr. B.S. Bhatia DIN 00551715	Non-Executive Independent Director	100	9	No	1	2	1
Mr. M.D. Kanitkar DIN 00551803	Non-Executive Independent Director	NIL	2	No	1	2	--
Mr. Adish Oswal DIN 00009710	Executive Director	129511	9	No	1	1	--

* Board Committees for this purpose includes Audit Committee and Shareholders'/Investors' Grievance Committee only (including Board Committees of the Company)

Notes:

1. None of directors is a chairman of more than 5 (Five) committees and member of more than 10 (Ten) committees.
2. There is no inter-se relationship between the directors except Mr Adish Oswal, being son of Mr Ashok Oswal, Chairman and Managing Director.

c) Change in directorship during the year

During the financial year 2010-11, there was no change in directorship of the Company.

d) Meetings Procedure

Company holds Board Meetings regularly. The Directors are informed venue and date of meeting in advance in writing at their usual address and also through e-mail. Detailed agenda papers alongwith explanatory statements are circulated to the directors in advance. The Board has complete access to all information with the Company. All information stipulated in Clause 49 is regularly provided to the Board as a part of agenda papers alongwith the action taken report on the matters previously approved/discussed. Directors actively participate in the Board Meetings and contribute significantly by expressing their views, opinions and suggestions. Decisions are taken after proper and through discussion.

e) Remuneration of Directors

i) Executive Directors: The Company pays remuneration to Chairman & Managing Director and Director (Group Corporate Affairs & Business Development) as approved by the Board of Directors and Members of the Company.

ii) Non-Executive Directors: Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board & Committee Meetings. The sitting fees for the Board Meetings is Rs. 5000/- per meeting and for the Committee Meetings is Rs. 3000/- per meeting.

Details of remuneration paid to the Directors during the year

(Rs. in lac)

Name	Designation	Salary & HRA	Other Perquisites	Contribution to Provident and other funds	Sitting Fee	Total Remuneration
Mr. Ashok Oswal	Chairman & Managing Director	30.16	10.28	3.08	--	43.52
Mr. Adish Oswal	Director (Group Corporate Affairs & Business Development)	22.78	2.37	2.40	--	27.55
Mr. Ajay Chaudhry	Non- Executive	--	--	--	0.57	0.57
Dr. B. S. Bhatia	Non- Executive	--	--	--	0.57	0.57
Mr. M. D. Kanitkar	Non- Executive	--	--	--	0.13	0.13

3. COMMITTEES OF THE BOARD

a) Audit Committee

The Company has an Audit Committee in terms of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement comprising of 3 Independent Directors i.e. Mr. Ajay Chaudhry, Mr. M.D. Kanitkar and Dr. B.S. Bhatia. Mr. Ajay Chaudhry is the Chairman of the Committee and the Company Secretary acts as the Secretary of the Committee. Statutory Auditors, Internal Auditors & Head of Corporate Finance Department are the permanent invitees to the Committee. The terms of reference of the Audit Committee is based on the role of the Audit Committee as mentioned in Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Committee met four times during the year on 08.05.2010, 03.08.2010, 15.10.2010 & 14.02.2011. The attendance of the members of the Committee is given below:

Name of the Directors	Category	No. of Meetings Attended
Mr. Ajay Chaudhry	Non-Executive Independent Director	4
Mr. M.D. Kanitkar	Non-Executive Independent Director	1
Dr. B.S. Bhatia	Non-Executive Independent Director	4

b) Investors' Grievance Committee

The Company has an Investors' Grievance Committee to look into the redressal of investors' complaints on various issues. The members of the Committee are Mr. Ajay Chaudhry, Mr. Ashok Oswal and Mr. M.D. Kanitkar. The Chairman of the Committee is Mr. Ajay Chaudhry. The Company Secretary is the Compliance Officer. No need was arisen during the year to hold the meeting.

As per the Clause 47 of the Listing Agreement, the Company has designated an e-mail ID exclusively for the purposes of registering the complaints/queries of the investors which is given below:

Designated E-mail Id : **vpl.sect@oswalgroup.com**

c) Remuneration Committee

Although, the non mandatory requirement, the Company has a Remuneration Committee consisting of Independent Directors i.e. Mr. Ajay Chaudhry, Dr. B.S. Bhatia and Mr. M.D. Kanitkar. Mr. Ajay Chaudhry is the Chairman of the Committee. The Committee is empowered to decide, review and approve the remuneration packages including pension rights and compensation payments of Executive Directors. No need was arisen during the year to hold the meeting.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report has been included in this Annual Report .

5. CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company's Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been placed on the website of the Company i.e. **www.oswalgroup.com**. All the Board Members & Senior Management

Personnels have given their affirmations of compliance with the Code. A declaration to this effect signed by Chairman & Managing Director is enclosed and forms part of the Annual Report.

6. RISK MANAGEMENT

The Company has adopted a well defined procedure for the risk management. The Company is also having a Risk Management Policy which provides for the procedures of risk identification and minimization of risk. The Company is also having a Risk Management Committee consists of senior management functionaries with in the organization. The Committee assesses the risks in various functional areas of the organization and defines the steps to minimize those risks.

7. SHAREHOLDERS

a) Previous Annual General Meetings

The details of last three Annual General Meetings are given as follows:-

Meeting	Day, Date & Time of the Meeting	Venue	No. of Special Resolutions
30 th AGM	Friday, 20 th August, 2010 at 11.00 a.m.	Regd. Office: 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123.	2
29 th AGM	Thursday, 22 nd September, 2009 at 11.00 a.m.	-do-	6
28 th AGM	Saturday, 27 th September, 2008 at 4.00 p.m.	-do-	2

During the year 2010-11, the Company has not passed any resolution through postal ballot.

b) Means of Communication

The Company communicates with the shareholders at large through its Annual Reports, placing the information on Company's website, publication of financial results, press releases in leading newspapers and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges, the Registrar of Companies and website of Ministry of Corporate Affairs. The financial results are published in prominent daily newspapers viz. Financial World/ Economic Times and Desh Sewak (Punjabi).

Further, the financial results, annual report and shareholding pattern of the Company are also available on the Company's website viz. www.oswalgroup.com.

8. DISCLOSURES

There was no material/significant transaction with the directors or the management, their subsidiaries or relatives, etc. that have any potential conflict with interest of the Company at large read with details of transactions as disclosed in Notes on Accounts annexed in the Balance Sheet as per Accounting Standard (AS)-18 of the Institute of Chartered Accountants of India. Also, there has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or SEBI or any other Statutory Authority during the last three years. The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company has also implemented certain non mandatory requirements of Clause 49.

9. GENERAL SHAREHOLDERS INFORMATION :

i) 31st Annual General Meeting

Date : Monday, 29th August, 2011
Time : 11:00 A.M.
Venue : Regd. Office: 341K-1, Mundian Khurd,
P.O. Sahabana, Chandigarh Road, Ludhiana-141 123

ii) Financial Calendar 2011-2012 (Tentative)

First Quarter Results : August, 2011
Second Quarter Results : November, 2011
Third Quarter Results : February, 2012
Annual Results : May, 2012

iii) Dates of Book Closure : 25.08.2011 to 29.08.2011 (both days inclusive)

iv) Listing

Sr No.	Description	Stock Exchange
1.	Equity Shares	Bombay Stock Exchange Ltd. (BSE) 25 th Floor, P.J. Towers, Dalal Street, Mumbai - 400 001 The National Stock Exchange of India Ltd. (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.
2.	Foreign Currency Convertible Bonds (FCCBs)	Singapore Exchange Securities Trading Ltd. 2, Shenton Way, # 19-00, SGX Centre 1 Singapore- 068804

The Company has duly paid the listing fees to BSE and NSE for the year 2011-2012.

(v) **Stock Code**

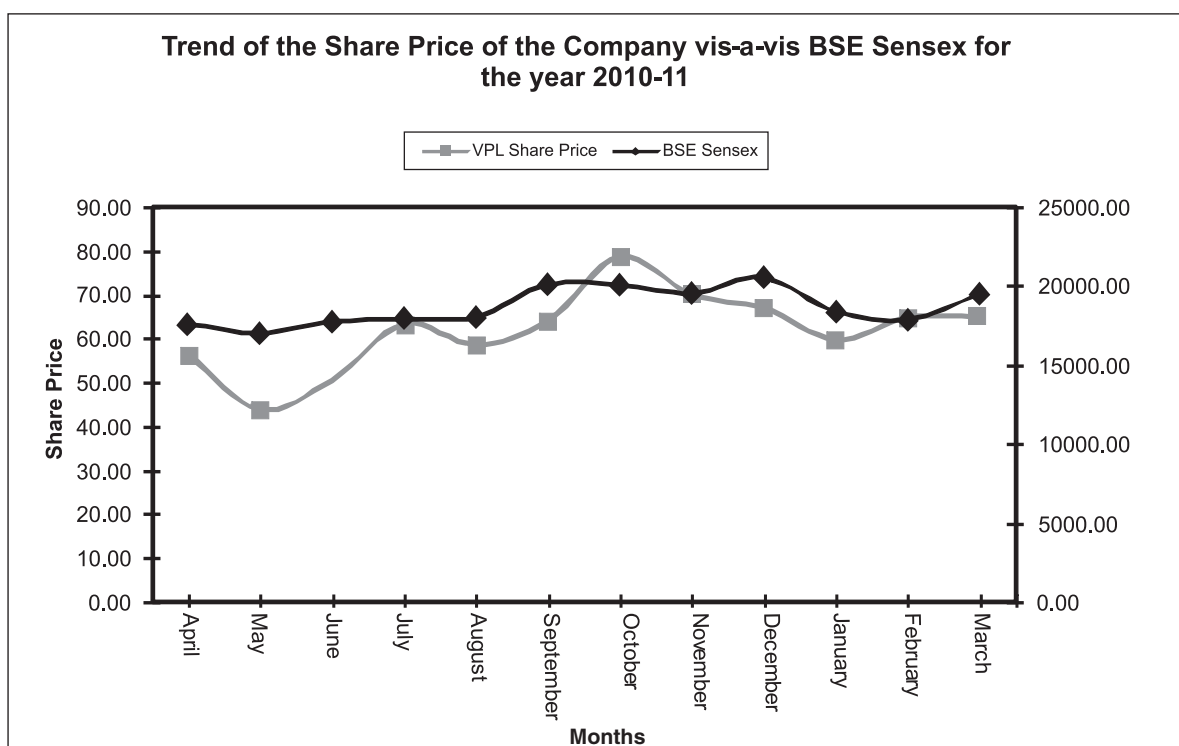
- The National Stock Exchange of India Ltd. : VARDMPOLY
- Bombay Stock Exchange Ltd. : 514175

(vi) **Stock Market Data**

The month-wise highest and lowest stock prices vis-à-vis BSE Sensex during the financial year 2010-11 are given below

Financial Year 2010-11	Share Price of VPL			%age change over last month closing	BSE Sensex			%age change over last month closing
	Highest	Lowest	Closing		Highest	Lowest	Closing	
April	66.95	48.30	56.25	15.98	18047.86	17276.80	17558.71	0.18
May	56.70	40.20	43.70	-22.31	17536.86	15960.15	16944.63	-3.50
June	50.75	42.00	50.45	15.45	17919.62	16318.39	17700.90	4.46
July	67.10	48.90	63.15	25.17	18237.56	17395.58	17868.29	0.95
August	67.00	56.90	58.45	-7.44	18475.27	17819.99	17971.12	0.58
September	74.50	58.05	63.85	9.24	20267.98	18027.12	20069.12	11.67
October	89.45	62.80	78.50	22.94	20854.55	19768.96	20032.34	-0.18
November	82.95	65.10	69.90	-10.96	21108.64	18954.82	19521.25	-2.55
December	72.80	59.75	66.85	-4.36	20552.03	19074.57	20509.09	5.06
January	71.60	58.00	59.65	-10.77	20664.80	18038.48	18327.76	-10.64
February	66.00	49.50	64.65	-8.38	18690.97	17295.62	17823.40	-2.75
March	69.00	53.40	64.80	-0.23	19575.16	17792.17	19445.22	9.10

Source: www.bseindia.com



vii) Registrar & Share Transfer Agent (RTA)

M/s Alankit Assignments Limited
(Unit: Vardhman Polytex Ltd.)
2E/21, Alankit House,
Jhandewalan Extension,
New Delhi-110 055
Telephone No. : 011-42541234, 23541234, Fax No. 011-41540064
E-mail: rta@alankit.com
Web Site: www.alankit.com

viii) Share Transfer System

The Company has a Share Transfer Committee comprising of Mr. Ashok Oswal, Mr. Adish Oswal & Mr. Ajay Chaudhry as its members. The Committee meets on an average once in a fortnight. A list of valid transfers and objectionable cases received from RTA is placed before the Committee for its approval/confirmation. The Share Certificates are returned/dispatched to the shareholders by RTA after necessary endorsements normally within 15 days from the date of receipt by them. The delays, if any, are mostly due to notice given to seller for confirmation in case of difference in signatures and non receipt of copy of PAN.

The shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) is **INE 835 A01011**.

ix) Dematerialisation of Shares

As on 31st March, 2011, 78.22% of the share capital comprising 1,27,05,606 shares were dematerialised against 96.52% of the share capital comprising 1,21,87,125 shares as on 31st March, 2010.

x) Shareholders' Complaints

During the financial year 2010-11, the Company received 29 complaints from the shareholders. The complaints were related to dividend/interest, redemption and transfer etc. The Company has duly addressed all the complaints.

xi) Distribution of Shareholding as on 31st March, 2011

RANGE No. of Shares	SHAREHOLDERS		SHARES	
	Numbers	% age to Total Holders	Numbers	%age to Total No. of shares
Upto - 500	8335	90.80	1157120	7.12
501 - 1000	405	4.41	321909	1.98
1001 - 5000	324	3.53	723061	4.45
5001 - 10000	39	0.42	284597	1.75
10001 - 50000	48	0.52	1134103	6.98
50001 & Above	29	0.32	12622167	77.72
TOTAL	9180	100.00	16242957	100.00

xii) Shareholding Pattern of the Company as on 31st March, 2011

Sr. No.	Category of the Shareholders	No. of Shares	%age to Total No. of shares
1.	Promoters	7204977	44.36
2.	Mutual Funds & UTI	1800	0.01
3.	Banks, Financial Institutions, Insurance Companies	151134	0.93
4.	Private Corporate Bodies	3986230	24.54
5.	Indian Public	4845340	29.83
6.	NRIs, OCBs, FIIs	53476	0.33
	TOTAL	16242957	100.00

xiii) Outstanding GDRs/ADRs/Warrants

There is no outstanding GDRs/ADRs/Convertible Warrants. However, the Company is having outstanding 2% Unsecured Foreign Currency Convertible Bonds (FCCBs) in the aggregate principal amount of USD 12 million having maturity period of 5 years and 7 days.

xiv) Plant Locations

- Vardhman Polytex Limited,
Badal Road,
Bathinda-151 003
- Anshupati Textiles,
341K-1, Mundian Khurd,
P.O. Sahabana, Chandigarh Road,
Ludhiana-141 123
- Vinayak Textile Mills (Spinning & Dyeing Unit)
Phase VIII, Focal Point,
Ludhiana-141 123
- Amkryon International,
HB-22, Phase VI, Focal Point,
Ludhiana 141 123

xv) Address for Correspondence

Registered Office : 341K-1, Mundian Khurd, P.O. Sahabana,
Chandigarh Road, Ludhiana-141 123.

Tel : 0161-2685301-305

Fax : 0161-5052439

E-mail : vpl.sect@oswalgroup.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DP).

xvi) General Note for Shareholders

Dividends, remaining unpaid/unclaimed, upto the financial year 2002-2003 had been transferred to the Investor Education and Protection Fund (Fund) of the Central Government. Pursuant to the provisions of Section 205A read with Section 205C of the Companies Act, 1956, dividend declared in the financial year 2003-2004 and onwards, which remain unpaid/unclaimed for a period of 7 years, is required to be transferred to the Investor Education and Protection Fund (Fund) of the Central Government. It may be noted that no claim will lie against the Company or the 'Fund' in respect of the said unclaimed dividend amount so transferred to the 'Fund'. Accordingly, members who have not claimed their dividend for the financial year 2003-2004 and onwards are requested to make their claim to the Company.

Auditors' Certificate on compliance of Corporate Governance under Corporate Governance Clause of Listing Agreement(s)

To The Members of,
Vardhman Polytex Limited

We have reviewed the implementation of Corporate Governance procedures by **Vardhman Polytex Limited** ('the Company') during the year ended March 31, 2011 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchange(s), with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

For S.S. KOTHARI MEHTA & CO.

Chartered Accountants

Firm Registration No.: 000756N

Place : Ludhiana

Date : 14th May, 2011

(Arun K. Tulsian)

Partner

M. No. 89907

DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT

The Company has adopted the Code of Conduct for all Board Members and Senior Management Personnel of the Company.

It is hereby affirmed that all the Directors and Senior Managerial Personnel have complied with the Code of Conduct and have given a confirmation in this regard.

Place : Ludhiana

Dated : 14th May, 2011

Ashok Oswal

Chairman & Managing Director

CERTIFICATE OF CHIEF EXECUTIVE OFFICER (CMD) AND CHIEF FINANCIAL OFFICER

We have reviewed financial statement and cash flow statement for the period April 1, 2010 to March 31, 2011 and to the best of our knowledge and belief:

- i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) 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.
- (iii) No transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

Further, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to reporting and we have disclosed to the Auditors and the Audit Committee:

- a) deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies;
- b) Significant changes in internal control over financial reporting during the year;
- c) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- d) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Ludhiana

Dated: 14th May, 2011

Parvinder Singh

Chief Financial Officer

Ashok Oswal

Chairman & Managing Director

AUDITORS' REPORT

To The Members of Vardhman Polytex Limited

1. We have audited the attached Balance Sheet of Vardhman Polytex Limited ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (collectively the Order) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

FOR S.S. KOTHARI MEHTA & CO.
Firm Regn. No.: 000756N
Chartered Accountants

Place : Ludhiana
Date : 14th May, 2011

(Arun K. Tulsian)
Partner
M. No. 089907

Annexure to the Auditors' Report (Annexure referred to in paragraph 3 of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Verification of the fixed assets is being conducted by the management based on a programme designed to cover all assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the company and nature of its business. Read with our comments in clause 1(a) above, there were no discrepancies noticed on such verification between the physical balances and fixed assets records.
- (c) There was no disposal of a substantial part of fixed assets during the year.
2. (a) The inventory has been physically verified during the year by the management at all its locations, except stocks lying with third parties and in transit, which have been verified with reference to correspondence of third parties or subsequent receipts of goods. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. However, the company had granted an interest bearing housing loan to the Managing director in earlier years, the maximum amount outstanding during the year and the year end balance of such loan is Rs. 1.86 lacs and Nil respectively.
- (b) The rate of interest and other terms & conditions of the aforementioned loan is, prima facie, not prejudicial to the interest of the company. Since the loan is repaid in full, comment in regards to overdue amount is not applicable.
- (c) The company has taken loans from two directors covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect of such parties and the year end balance of such loans are Rs.185.00 lacs and NIL respectively.

- (d) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions on which loans have been taken are not, prima facie, prejudicial to the interest of the Company.
- (e) In respect of the aforesaid loans, the amount of interest has been paid wherever applicable. Since the loan is repaid in full, comment in regards to overdue amount is not applicable.
4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rupees five lakhs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing at the relevant time, where such market prices are available.
6. In respect of Fixed deposits accepted from the public, the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposits) Rules, 1975 have been complied with. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or RBI or any Court or any other Tribunal in this regard.
7. In our opinion, the Company has an internal audit system commensurate with the size & nature of its business.
8. We have broadly reviewed the Cost Accounting records, maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.
9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom duty, Excise duty, Cess and other material statutory dues, wherever applicable, have been generally regularly deposited with the appropriate authorities during the year and there are no such undisputed statutory dues outstanding as on the date of Balance Sheet for a period exceeding six months from the date they became payable.
- (b) According to the information & explanations given to us and as per the books and records examined by us, there are no dues of Custom duty and Cess which have not been deposited on account of any dispute, except the following in respect of Income tax, Wealth tax, Excise duty, Service tax and Sales tax along with the forum where dispute is pending:

Name of the Statute	Nature of dues	Period to Which it pertains	Amount (Rs. in lac)	Forum where dispute is Pending	Amount Deposited (Rs.in lac)
Central Excise Act	Excise Duty	1997-98 and 2004-05	42.34	Hon'ble Punjab & Haryana High Court, Chandigarh	42.34
	Excise Duty	2004-05	14.75	Joint Secretary, New Delhi	13.85
	Excise Duty	2009-10	89.07	Chief Commissioner of Central Excise, Ludhiana	—
	Excise Duty	2009-10	1.82	The Commissioner of Central Excise, Ludhiana	—
	Excise Duty	2008-09	103.20	The Commissioner of Central Excise, Chandigarh	—
	Excise Duty	2006-09	4.63	The Commissioner of Central Excise, Chandigarh	—
Income Tax Act	Income Tax	2002-03, 04-05, 05-06 and 2008-09	154.14	CIT (Appeals), Ludhiana	81.21
	Income Tax	1998-99 to 2002-03 and 2004-05	37.46	ITAT, Chandigarh	37.46
	Income Tax	1993-94	8.45	Hon'ble Supreme Court	8.18
Punjab General Sales Tax Act	Punjab VAT	2005-06 and 2006-07	1.48	DETC, Patiala	0.38
	Punjab VAT	2003-04	0.51	Assistant Commissioner Sales Tax, Ludhiana	—
Wealth Tax Act	Wealth Tax	1997-98	1.87	ITAT, Chandigarh	—
Finance Act 1994	Service Tax	09/07/04 to 31/03/07	13.52	CESTAT, New Delhi	0.50
	Service Tax	09/07/04 to 31/03/07	17.93	Commissioner of Central Excise, Chandigarh	—

Vardhmān Polytex Limited

10. There are no accumulated losses of the Company as at the end of the financial year. There are no cash losses in the current financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
15. The company has given corporate guarantees for loans taken by others from banks, the terms & conditions of such guarantees are, prima facie, not prejudicial to the interest of the company.
16. In our opinion, and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lender.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, the funds raised by the Company on short term basis have not been applied for long term investment.
18. The Company has made preferential allotment of 13,20,000 equity shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956 in accordance with SEBI (Issue of Capital and Disclosures Requirements) Regulations, 2009.
19. The Company has not issued any debentures nor has any outstanding debentures during the year.
20. During the year, the companies has issued 2297000 equity shares to non- promoter group at a price determined in accordance with SEBI (Issue of Capital & Disclosures Requirements) Regulations, 2009. As explained by the management, the proceedings of the issue have been utilized for the purpose of long term working capital requirements and future expansions projects of the company.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

FOR S.S. KOTHARI MEHTA & CO.
Firm Regn. No. 000756N
Chartered Accountants

Place : Ludhiana
Date : 14th May, 2011

(Arun K. Tulsian)
Partner
M. No. 89907

BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule No.	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	1,627.75	1,266.05
b) Share Application Money (Pending Allotment)		—	149.23
c) Reserves & Surplus	2	15,975.70	11,765.29
2. Loan Funds			
a) Secured Loans	3	40,036.00	36,283.46
b) Unsecured Loans	4	8,143.31	7,656.18
3. Deferred Tax Liability (Net)	20	1,038.45	138.45
TOTAL		66,821.21	57,258.66
II APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	5	44,684.54	43,743.98
b) Less: Depreciation		20,791.79	18,111.74
c) Net Block		23,892.75	25,632.24
d) Capital Work in Progress	6	2,560.18	669.92
e) Project & Pre-operative Expenditure (Pending Allocation)	7	395.32	158.75
2. Investments	8	13,260.07	13,661.00
3. Current Assets, Loans and Advances	9		
a) Inventories		14,439.54	7,940.17
b) Sundry Debtors		7,343.08	4,298.01
c) Cash and Bank Balances		2,239.86	1,147.40
d) Loans and Advances		7,423.89	6,075.58
TOTAL	A	31,446.37	19,461.16
Less: Current Liabilities & Provisions	10		
a) Liabilities		3,919.97	1,869.19
b) Provisions		813.51	516.98
TOTAL	B	4,733.48	2,386.17
Net Current Assets	(A-B)	26,712.89	17,074.99
4. Miscellaneous Expenditure (Foreign Currency Monetary Items Translation Difference Account)		—	61.76
TOTAL		66,821.21	57,258.66
Significant Accounting Policies & Notes to Accounts	20		

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

As per our report of even date attached

For S.S. KOTHARI MEHTA & CO.

Chartered Accountants

Sd/-
(Arun K. Tulsian)
Partner
M. No. 89907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 14th May, 2011

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

Particulars	Schedule No.	Current Year (Rs. in lac)	Previous Year (Rs. in lac)
INCOME			
Gross Sales & Operational Income	11	71,644.39	52,778.99
Less: Excise Duty		1.61	1.29
Net Sales and Operational Income		71,642.78	52,777.70
Other Income	12	307.30	408.02
TOTAL		71,950.08	53,185.72
EXPENDITURE			
Raw Material Consumed & Purchase of Finished Goods	13	49,417.86	34,248.75
Manufacturing Expenses	14	8,969.58	8,267.96
Personnel Expenses	15	3,269.86	2,491.42
Administrative Expenses	16	1,156.15	553.08
Financial Expenses	17	4,236.40	3,351.05
Selling Expenses	18	1,939.51	1,485.79
(Increase)/Decrease in Stock of Finished Goods and Work in Process	19	(3,356.27)	(547.48)
Depreciation	5	2,731.77	2,830.50
TOTAL		68,364.86	52,681.07
Provision for Diminution in the value of Advance (Refer Note No. 9 of Schedule 20)		—	(3,574.14)
Advance Written off		3,574.14	—
Less : Provision for Diminution in Value of Investment Written Back		(3,574.14)	—
Profit Before Tax		3,585.22	(3,069.49)
Less: Provision for :			
- Wealth Tax		15.25	21.00
- Income Tax		—	81.00
- Deferred Tax		900.00	(932.67)
Profit After Tax		2,669.97	(2,238.82)
Brought Forward from Last Year		(2,406.41)	(167.59)
Amount available for Appropriation		263.56	(2,406.41)
Appropriations :			
Proposed Final Dividend on Equity Shares		—	—
Corporate Dividend Tax thereon		—	—
Transfer to General Reserve		—	—
Amount carried to Balance Sheet		263.56	(2,406.41)
TOTAL		263.56	(2,406.41)
Earning Per Share of Rs. 10/- each (Refer Note No. 17 of Schedule 20)			
- Basic (in Rs.)		20.02	(20.31)
- Diluted (in Rs.)		20.02	(20.31)
Significant Accounting Policies & Notes To Accounts	20		

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

As per our report of even date attached

For S.S. KOTHARI MEHTA & CO.

Chartered Accountants

Sd/-
(Arun K. Tulsian)
Partner
M. No. 89907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 14th May, 2011

CASH FLOW STATEMENT FOR THE PERIOD 1ST APRIL, 2010 TO 31ST MARCH, 2011 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	2010-11 (Rs. in lac)	2009-10 (Rs. in lac)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	3,585.22	504.65
Adjustments for :		
Depreciation	2,731.77	2,830.50
Interest Paid	4,236.40	3,351.05
Interest/Dividend Received	(36.15)	(110.52)
(Profit)/Loss on sale of Assets (Net)	(80.51)	4.63
Sundry Balances written back	(3.72)	(2.15)
Foreign Currency Monetary Item Translation Difference	61.76	(165.60)
Account written off		
Sundry Balances written off	125.24	24.53
(Profit)/Loss on Sale of Investments (Net)	(16.03)	64.37
Operating Profit before Working Capital changes	7,018.76	5,996.81
Adjustments for :	10,603.98	6,501.46
(Increase)/ Decrease in Trade & other Receivables	(4,505.05)	3,560.35
(Increase)/ Decrease in Inventories	(6,499.38)	244.72
Increase/ (Decrease) in Trade Payables & other Liabilities	1,623.98	2,489.11
Cash Generation from Operations	(9,380.45)	6,294.18
Taxes Paid	1,223.53	12,795.64
	411.02	—
Net Cash from Operating Activities	1,634.55	12,795.64
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,170.02)	(975.51)
Interest/Dividend Received	36.15	110.52
Purchase of Investments	(18.39)	(7,001.00)
Sale of Investment	435.35	3,815.30
Sale of Fixed Assets	131.41	996.47
Net Cash from Investing Activities	(2,585.50)	(3,054.23)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	2,040.13	936.01
Proceeds from Long Term Borrowings(Net)	(2,766.26)	(5,163.52)
Proceeds from Short Term Borrowings(Net)	7,046.74	(1,107.78)
Interest Paid	(4,236.40)	(3,351.05)
Reinstatement of FCCBs	(40.80)	(71.51)
Net Cash from Financing Activities	2,043.41	(8,757.85)
Net Increase/(Decrease) in cash & cash equivalents	1,092.46	983.57
Cash & cash equivalents at the beginning	1,147.40	163.83
Cash & cash equivalents at the close	2,239.86	1,147.40

Cash & Cash equivalent components are as per Schedule No. 9(c) of the Balance Sheet.

Figures for the Previous Year have been rearranged and/or regrouped wherever considered necessary.

As per our report of even date attached

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

Sd/-
(Arun K. Tulsian)
Partner
M. No. 89907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 14th May, 2011

SCHEDULES TO THE ACCOUNTS

SCHEDULES 1 TO 20 ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

		As at 31.03.2011 (Rs. in lac)		As at 31.03.2010 (Rs. in lac)
SCHEDULE 1 — SHARE CAPITAL				
Authorised				
2,14,90,000	(Previous Year 2,14,90,000)			
	Equity Shares of Rs.10/- each	2,149.00		2,149.00
1,000	(Previous Year 1,000)			
	Redeemable Cumulative Preference Shares of Rs 100/- each	1.00		1.00
8,50,000	(Previous Year 8,50,000)			
	Redeemable Non Cumulative Preference Shares of Rs 100/- each	850.00		850.00
	TOTAL	3,000.00		3,000.00
Issued, Subscribed and Paid up				
1,62,42,957	(Previous Year 1,26,25,957) Equity Shares of Rs. 10/- each fully paid up	1,624.30	1,262.60	
	Add : Forfeited Shares (Amount originally paid up)	3.45	3.45	1,266.05
	TOTAL	1,627.75		1,266.05
Note :- Paid up Share Capital includes :				
1.	4,97,000 Equity Shares of Rs. 10/- each at a premium of Rs. 29.53/- per share arising out of conversion of the convertible warrants issued on preferential basis during the year (Refer Note No. 18 of Schedule 20).			
2.	6,60,000 Equity Shares of Rs. 10/- each at a premium of Rs. 50.60/- per share arising out of conversion of the convertible warrants issued on preferential basis during the year (Refer Note No. 18 of Schedule 20).			
3.	6,60,000 Equity Shares of Rs. 10/- each at a premium of Rs. 46/- per share arising out of conversion of the convertible warrants issued on preferential basis during the year (Refer Note No. 18 of Schedule 20).			
4.	18,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 58/- per share arising out of conversion of the convertible warrants issued on preferential basis during the year (Refer Note No. 18 of Schedule 20).			
SCHEDULE 2 — RESERVES AND SURPLUS				
Capital Redemption Reserve		0.01		0.01
Capital Subsidy		95.50		95.50
Securities Premium Account as per last year account	3,681.89		3,392.77	
Add: Received during the year	1,827.66		591.49	
Less: Utilized for providing for the premium on redemption of 2% Foreign Currency Convertible Bonds & issue of Preferential Warrants	297.07	5,212.48	302.37	3,681.89
Reserve for Bad & Doubtful debts & advances As per last account	150.00		150.00	
Less: Transfer to Profit & Loss Account	—	150.00	—	150.00
General Reserve As per last account	10,216.21		10,216.21	
Add : Transfer from Profit & Loss Account	—	10,216.21	—	10,216.21
Amalgamation Reserve	45.00			45.00
Foreign Currency Translation Reserve During the year	(16.91)		—	
Less : Transferred to other income (Refer note No. 9 of schedule 20)	9.85	(7.06)	148.69	
Surplus as per Profit & Loss Account	—	263.56	165.60	(16.91)
TOTAL		15,975.70		(2,406.41)
				11,765.29

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE 3 — SECURED LOANS		
Term Loans:		
- From Banks	11,300.11	13,605.47
- Others	500.00	—
Short Term Loan from Banks	3,281.47	1,530.00
Working Capital Term Loan	8,667.00	9,800.00
Working Capital Borrowings from Banks	16,126.49	11,291.14
Vehicle Loan from Banks	160.93	56.85
TOTAL	40,036.00	36,283.46

Notes:

- Term loans from banks are secured by equitable mortgage created or to be created on all the immovable assets of the company, both present and future, and hypothecation of all the movable assets including movable machinery, machinery parts, tools and accessories and other movables, both present and future (except book debts) subject to prior charges created or to be created in favour of the bankers for securing the working capital facilities availed from them.
- Short term loan from banks are secured by second charge on current assets of the Company. Due for repayment with-in one year, out of such loans NIL (Previous Year Rs. 1,000 lac).
- Working capital borrowings from banks are secured by hypothecation of entire present & future tangible currents assets of the Company and are also personally guaranteed by Chairman & Managing Director of the Company.
- Amount due for repayment within next one year out of long term loans is Rs. 4743.27 lac (Previous Year Rs. 2634.00 lac).
- Working capital term loans, carved out of existing outstanding in working capital account in Previous Year was pending approval by member banks. The final amount sanctioned got reduced to Rs. 8667.00 lac which is shown outstanding this year. The same is repayable over a four year period starting from April'11.
- Term loan from others is guaranteed by Panchsheel Textile Mfg & Trading Co Pvt Ltd. along with charge on specific assets.

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE 4 — UNSECURED LOANS		
2% Foreign Currency Convertible Bonds (Refer note 1)	5,349.60	5,390.40
Fixed Deposits (Refer note 2)	68.01	—
Others	2,725.70	2,265.78
TOTAL	8,143.31	7,656.18

Notes:

- 2% Foreign Currency Convertible Bonds were issued to foreign investors on 12.02.2008, by company in terms of offering memorandum dated 12.02.2008. These Bonds can be converted into equity shares of nominal value of Rs. 10.00 at the option of holders at any time on or after 18 months at a pre-determined price of Rs 106.86 per share unless previously redeemed and cancelled or converted. The Bonds are redeemable on or after 11.02.2013.
- Includes Deposits received from Directors Rs. 3.00 lac (Previous Year NIL).

SCHEDULE 5 — FIXED ASSETS (Rs. in lac)

Sr. No.	Particulars	Gross Block			As at 31.03.2011
		As at 01.04.2010	Additions	Sales/ Adjustments	
A)	Tangible Assets:-				
1	Freehold Land & Site Development	1,716.18	46.23	8.12	1,754.29
2	Lease Hold Land	171.00	—	—	171.00
3	Building	9,155.20	40.30	36.49	9,159.01
4	Plant & Machinery	31,824.78	753.74	57.40	32,521.12
5	Furniture & Fixture	221.93	4.65	0.61	225.97
6	Vehicles	341.38	185.28	—	526.66
B)	Intangible Assets: -				
7	Trademarks (Bought out)	3.27	—	—	3.27
8	Software (Bought out)	310.24	12.98	—	323.22
TOTAL		43,743.98	1,043.18	102.62	44,684.54
PREVIOUS YEAR		44,283.41	681.14	1,220.57	43,743.98

SCHEDULE 5 — FIXED ASSETS

(Rs. in lac)

Sr. Particulars		Depreciation			Net Block		
No.		Upto 01.04.2010	During the Year	Sales/ Adjustments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
A) Tangible Assets:-							
1.	Freehold Land & Site Development	—	—	—	—	1,754.29	1,716.18
2.	Lease Hold Land	—	—	—	—	171.00	171.00
3.	Building	1,567.41	241.57	8.52	1,800.46	7,358.55	7,587.79
4.	Plant & Machinery	16,126.75	2,398.28	42.86	18,482.17	14,038.95	15,698.03
5.	Furniture & Fixture	129.08	9.05	0.32	137.81	88.16	92.85
6.	Vehicles	142.14	31.99	—	174.13	352.53	199.24
B) Intangible Assets: -							
7.	Trademarks (Bought out)	2.06	0.33	—	2.39	0.88	1.21
8.	Software (Bought out)	144.28	50.55	—	194.83	128.39	165.95
TOTAL		18,111.72	2,731.77	51.70	20,791.79	23,892.75	25,632.26
PREVIOUS YEAR		15,500.71	2,830.50	219.47	18,111.72	25,632.26	28,782.70

Notes:

- The Freehold Land cost is net of subsidy Rs. 16.20 lac (Previous Year Rs. 16.20 lac) received from the State Government. Freehold land of Rs. 592.59 lac (Previous Year Rs. 592.59 lac) is pending conveyancing in favour of the company. Lease hold land is on 95 year lease.
- Land includes Rs. 22.69 lac (Previous Year NIL) is purchased at Nalagarh, pending transfer of title in favour of the Company.
- Building includes Rs. 85.05 lac (Previous Year Rs. 85.05 lac) being cost of flat at Delhi, pending transfer of title in favour of the Company and Rs. 359.78 lac (Previous Year Rs. 359.78 lac) being cost of Industrial Shed at Focal Point, Ludhiana pending conveyancing in favour of the Company.

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE 6 — CAPITAL WORK-IN-PROGRESS		
Machinery under Erection	—	127.62
Building under Construction	751.59	10.34
Advance against purchase of Land & Building	117.03	0.10
Capital Advances	1,689.46	531.86
Others	2.10	—
TOTAL	2,560.18	669.92

**SCHEDULE 7 — PROJECT AND PRE-OPERATIVE EXPENSES
(PENDING ALLOCATION)**

Interest and financial expenses	125.70	69.27
Travelling expenses	2.51	—
Technical consultancy	120.33	89.48
Rates & Taxes	110.77	—
Other expenses	36.01	—
TOTAL	395.32	158.75
Less : Capitalised	—	—
Pending Allocation	395.32	158.75

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE 8 — INVESTMENTS		
I. Long Term Investments		
Trade		
Unquoted: (Others)		
250 (Previous Year 250) Equity Shares of Rs.10/- each fully paid up of VKM Colour Spin Limited	0.03	0.03
5,000 (Previous Year 5,000) Equity Shares of Rs. 10/- each fully paid up of Deluxe Fabrics Limited	0.50	0.50
Investment in Subsidiaries, Non - Trade		
4,50,99,999 (Previous Year 99,999) Equity Shares of Rs. 10/- each fully paid up of Oswal Industrial Enterprise (P) Ltd. (Formerly: Oswal Retail Pvt. Ltd.)	4,501.00	1.00
4,95,000 (Previous Year 49,95,000) 10% Redeemable Non-Cumulative Preference Shares of Rs. 100/- each fully paid up of Oswal Industrial Enterprise (P) Ltd.	495.00	4,995.00
Less : Provision for diminution in the value of investment	495.00	495.00
Shares of F.M. Hämmerle Nfg GmbH (Minimum Registration Capital)	22.54	22.54
Less : Provision for diminution in the value of investment	22.54	—
Shares of F.M. Hämmerle Verwaltungs GmbH (Minimum Registration Capital)	22.54	22.54
8,59,84,073 (Previous Year 8,59,84,073) Equity Share of Rs 10/- each fully paid up of Oswal F.M. Hämmerle Textiles Ltd.	8,598.41	8,598.41
Quoted :		
Nil (Previous Year 1,51,554) Equity Shares of Rs.10/- each fully paid up of Vardhman Textiles Ltd.	—	413.27
SUB - TOTAL	13,122.48	13,535.75
2. Current Investments		
Non - trade		
Quoted :		
15,000 (Previous Year NIL) Equity Shares of Rs. 10/- each fully paid up of DCM Ltd.	11.43	0.00
3,000 (Previous Year NIL) Equity Shares of Rs. 1/- each fully paid up of Sterlite Ind Ltd.	4.94	0.00
5,000 (Previous Year NIL) Equity Shares of Rs. 2/- each fully paid up of Unitech Ltd.	2.02	0.00
Unquoted		
Nifty Linked Fixed Growth Funds	10.25	10.25
Investment in Mutual Funds	108.95	115.00
SUB-TOTAL	137.59	125.25
TOTAL@	13,260.07	13,661.00

NOTES:

- Market Value of Quoted Investments **18.66** 401.69
- Aggregate Book Value of Quoted Investments **18.39** 413.27
- Aggregate Book Value of Unquoted Investments **13,241.68** 13,247.73
- Shares of Vardhman Textiles Ltd. NIL (Previous Year 1,50,000 shares) are pledged in favour of Yes Bank Ltd. for availing a packing credit facility of Rs. 400 lac.
- During the year, Preference Shares of the Subsidiary Company, Oswal Industrial Enterprise (P) Ltd. have been redeemed and redemption proceeds exchanged for Equity Shares.
- @ includes Purchases during the year - Face Value Rs. 98.58 lac (Previous Year Rs. 41.58 lac), cost Rs. 3,569.00 lac (Previous Year Rs. 717.72 lac). Sales during the year - Face Value Rs. 120.12 lac (Previous Year Rs. 42.54 lac), cost Rs. 4,006.32 lac (Previous Year Rs. 797.00 lac).

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE 9 — CURRENT ASSETS, LOANS AND ADVANCES		
(A) INVENTORIES		
(As taken, valued and certified by the Management)		
Raw Materials	9,202.48	6,074.01
Finished Goods & Waste	4,010.01	930.79
Work-in-process	1,066.71	789.66
Stores & Spares	160.34	145.71
TOTAL	14,439.54	7,940.17
(B) SUNDRY DEBTORS		
(Unsecured considered Good unless otherwise stated)		
Outstanding for more than six months	800.64	854.05
Others	6,542.44	3,443.96
TOTAL	7,343.08	4,298.01
(C) CASH AND BANK BALANCES		
Cash in Hand, Remittance in Transit & Cheques in Hand	1,094.31	739.39
[Including Cash in Hand Rs. 280.85 lac (Previous Year Rs. 40.39 lac)]		
Balance with Scheduled Banks in		
Current Accounts	357.65	290.88
Fixed Deposit Accounts	6.50	11.00
Margin Money against Letter of Credit	616.38	—
Fixed Deposit Pledged with Banks	165.02	106.13
TOTAL	2,239.86	1,147.40
(D) LOANS & ADVANCES		
Advances recoverable in cash or in kind or for value to be received	3,903.96	3,468.26
Advance Recoverable from Subsidiary*	1,475.79	5,029.62
Less: Provision for diminution in value of advance	—	3,574.14
Share Application Money Pending Allotment	1,475.79	1,455.48
- Subsidiary (Oswal FM Hämmerle Textile Ltd.)	528.00	66.05
Inter Corporate Deposits	110.00	110.00
Advance Tax and TDS	3,854.45	3,443.43
Less: Provision for Taxation	3,568.96	3,553.71
Deposits and Balances with Government Authorities	1,104.65	1,070.07
MAT Credit Entitlement	16.00	16.00
TOTAL	7,423.89	6,075.58

Name of Subsidiary*

	Balance at the end of year		Maximum balance during the year	
	2010-11	2009-10	2010-11	2009-10
Oswal F.M. Hämmerle Textiles Ltd.	1,097.94	1,119.44	3,228.64	4,189.23
Oswal Industrial Enterprise (P) Ltd.	161.73	144.73	161.73	161.73
F.M. Hämmerle Verwaltungs GmbH	216.12	191.31	216.12	191.73
TOTAL	1,475.79	1455.48*	3,606.49	4542.69*

*Net of provision made against F.M. Hämmerle Nfg GmbH

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE 10 — CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors***		
Micro and Small Enterprises	—	—
Other than Micro and Small Enterprises	2,142.77	991.38
Trade Deposit and Advances	36.81	67.06
Other Liabilities	1,651.13	766.32
Security Deposits & Retention Money from Contractors	30.04	16.50
Interest accrued but not due on loans/deposits	36.46	—
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 not due		
- Unclaimed Dividends	22.76	27.93
TOTAL	3,919.97	1,869.19
PROVISIONS		
Provision for Premium on redemption of FCCBs	579.03	403.17
Provision for Gratuity	113.45	—
Provision for Leave Encashment	121.03	113.81
TOTAL	813.51	516.98

*** The Company has so far not received from the vendors/ suppliers their status as Micro, Small & Medium Enterprises under MSMED Act, 2006, so the disclosure requirement for balance outstanding, interest paid/ payable as at the year end as required under the Act has not been given.

Other liabilities includes

Balance in the Director's Current Account Rs. 12.00 lac (Previous Year Rs. 12.00 lac). Maximum amount outstanding during the year Rs. 12.00 lac (Previous Year Rs. 12.00 lac)

	Current Year (Rs. in lac)	Previous Year (Rs. in lac)
SCHEDULE 11 — SALES AND OPERATIONAL INCOME		
Sales	71,493.73	51,651.28
Job Charges Income	36.34	9.64
Export incentives/benefits	114.32	1,118.07
TOTAL	71,644.39	52,778.99

SCHEDULE 12 — OTHER INCOME

Interest received on deposit with Banks	24.58	100.82
(Includes TDS Rs. 4.48 lac (Previous Year Rs. 20.12 lac)		
Claims received	4.91	7.36
Profit from sale of Investments (Net)	16.03	(64.37)
Dividend Income	11.57	9.70
Profit on sale of Fixed Assets	80.51	(4.63)
Rebate & Discount	12.83	35.22
Foreign Currency Translation Reserve written back	—	165.60
Misc. Balances no longer required written back	3.72	2.15
Rent received	12.21	17.46
Miscellaneous Income	140.94	138.71
TOTAL	307.30	408.02

	Current Year (Rs. in lac)	Previous Year (Rs. in lac)
SCHEDULE 13 — RAW MATERIAL CONSUMED & PURCHASE OF FINISHED GOODS		
Opening Stock	6,074.01	6,874.83
Purchases	51,030.92	32,232.29
Incidental expenses/Purchase tax	378.07	103.59
TOTAL	57,483.00	39,210.70
Less: Closing Stock	9,202.48	6,074.01
Cost of material sold	—	12.06
Raw material consumed	48,280.52	33,124.64
Add: Purchases of finished goods	1,137.34	1,124.11
TOTAL	49,417.86	34,248.75
SCHEDULE 14 — MANUFACTURING EXPENSES		
Power & Fuel	5,682.67	5,511.98
Stores & Spares consumed	1,446.48	1,333.91
Packing material consumed	990.41	853.07
Processing charges	133.22	81.22
Machinery repairs	654.20	438.22
Miscellaneous expenses	62.60	49.56
TOTAL	8,969.58	8,267.96
SCHEDULE 15 — PERSONNEL EXPENSES		
Salaries, Wages & other Benefits	2,913.58	2,232.29
Contribution to Provident & other Funds	242.58	193.81
Staff welfare expenses	113.70	65.32
TOTAL	3,269.86	2,491.42
SCHEDULE 16 — ADMINISTRATIVE EXPENSES		
Rent	42.80	17.43
Rates & Taxes	34.04	28.33
Insurance	60.73	48.93
Building & General repairs	49.12	50.12
Managerial Remuneration	71.08	50.16
Directors' Travelling expenses	35.34	12.26
Sundry balances written off	125.24	24.53
Charity & Donations	0.21	0.63
Postage, Telegram & Telephone	37.02	23.81
Printing & Stationery	19.38	14.27
Legal & Professional	119.74	19.51
Difference in Exchange Rate (Net)	202.03	16.92
Travelling, Boarding & Conveyance expenses	72.47	58.21
Computer maintenance	48.89	27.77
Vehicle maintenance	69.83	37.57
Electricity & Water charges	30.92	22.65
Miscellaneous expenses	137.31	99.98
TOTAL	1,156.15	553.08

		Current Year (Rs. in lac)	Previous Year (Rs. in lac)
SCHEDULE 17 — FINANCIAL EXPENSES			
Interest:			
- On Term Loans & other Fixed Loans	925.45		895.14
- On Working Capital borrowings	3,336.80		2,932.28
- Others	529.25	4,791.50	173.21
Bank Charges & others		400.83	266.97
		5,192.33	4,267.60
Less: Interest Income from**			
- Customers	79.48		204.51
- Fixed Deposits	—		0.44
- Subsidiary Companies	338.21		130.93
- Inter Corporate Deposits	11.00		11.00
- Others	39.95		103.69
- Foreign Currency Fluctuation Gain	200.99		165.95
- Profit on Forward Exchange Contracts	286.30	955.93	300.03
TOTAL		4,236.40	3,351.05

** Including TDS Rs. 33.82 lac (Previous Year Rs. 40.58 lac)

SCHEDULE 18 — SELLING EXPENSES

Commission on Sales	739.08	371.73
Delivery expenses (including freight, octroi & others)	980.79	938.49
Rebate & Discount	36.04	36.39
Sales Promotion	1.40	0.97
Cash Discount	129.68	65.65
Miscellaneous expenses	52.52	72.56
TOTAL	1,939.51	1,485.79

SCHEDULE 19 — (INCREASE)/DECREASE IN STOCKS OF FINISHED GOODS AND WORK-IN-PROCESS

Opening Stock			
Work-in-Process	789.66		430.09
Finished Stocks (Including waste)	930.79	1,720.45	742.88
			1,172.97
Less: Closing Stock			
Work-in-Process	1,066.71		789.66
Finished Stocks (Including waste)	4,010.01	5,076.72	930.79
			1,720.45
(Increase)/Decrease in Stock		(3,356.27)	(547.48)

SCHEDULE 20— SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The Financial Statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared under the Historical Cost Convention on an accrual basis except certain expenses & interest on calls in arrears which are accounted for on payment basis, in view of uncertainty involved in ascertaining the final amount. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialized.

3. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets are recognised on the basis of recognition criteria as set out in the relevant Accounting Standard.

4. Depreciation/Amortisation

Depreciation is provided on fixed assets over the useful lives of the assets estimated by the management, which are equivalent to the rates prescribed in Schedule XIV to the Companies Act, 1956 as per the straight line method.

Intangible assets are amortised over a period not exceeding ten years on a straight-line basis.

5. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Previously recognised impairment losses are reversed to the extent the recoverable amount exceeds the carrying amount.

6. Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payment is recognised as an expense in the Profit & Loss account on a straight line basis over the lease term.

Where the Company is Lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in Profit & Loss Account on a straight-line basis over the lease term. Cost, including depreciation is recognised as an expense in the Profit & Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit & Loss Account.

7. Government grants & subsidies

Grants and subsidies from the Government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

8. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

9. Employee Benefits

A. Gratuity

Provision for Gratuity is Employee Gratuity Fund Scheme which is managed by a trust in the nature of Defined Benefits.

Obligation is considered on the basis of revised AS-15 'Employee Benefits' on Actuarial Valuation. The discount rate and other financial assumptions are based on the parameters defined in the Accounting Standard. The expenses are charged to Profit & Loss Account. Actuarial gain and losses are immediately taken to Profit and Loss Account and are not deferred.

B. Superannuation

The liability in respect of employees covered under the scheme is provided through a policy taken from the Life Insurance Corporation of India.

C. Provident Fund

Contribution to the Provident Fund is deposited in accordance with the provisions of Employees Provident Fund Act, 1952 and charged to the Profit & Loss Account.

D. Leave with wages

Short term benefits are provided for on accrual basis on the basis of management estimates.

10. Inventories

- a) Finished goods are valued at lower of cost or net realizable value. By-products are valued at net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.
- b) Work in progress is valued at lower of cost or net realizable value. Cost is determined on a weighted average basis.
- c) Stores, Spares and Raw Materials are valued at lower of cost or net realisable value. However materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

11. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined for each category separately. Long term investments are carried at cost on individual investment basis. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments in case of long term investments.

12. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year. Sale is net of trade discount and Sales Tax. Export sales are recognized at the time of making Bill of Lading.

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the Balance Sheet date.

Insurance Claim

Claims lodged with the insurance companies are accounted on accrual basis to the extent these are measurable and ultimate collection is reasonably certain.

Export Benefits

The revenue in respect of export benefits is recognised on post export basis.

13. Foreign Currency Transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a Foreign Currency Translation Reserve in the Financial Statements until the disposal of the net investment, at which time they are recognised as income or as expense.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.

14. Cenvat

Cenvat credit on Excise Duty paid on inputs is reduced from the cost of related inputs. The same related to Excise Duty on capital items is reduced from the cost of related items.

15. Income Taxes

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

16. Earnings Per Share

Basic Earnings per Share are calculated by dividing the net Profit or Loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating Diluted Earnings per Share, the net Profit or Loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

17. Provisions, Contingent Liabilities & Contingent Assets

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are shown by the way of Notes to Accounts in respect of obligations where based on the evidence available, their existence at the Balance Sheet date is considered not probable. Contingent Assets are neither recognized nor disclosed.

18. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of Cash Flow Statement comprise Cash at Bank and in Hand.

OTHER NOTES

1. Contingent Liabilities not provided for in respect of:

	As at 31.3.2011 (Rs. in lac)	As at 31.3.2010 (Rs. in lac)
i) Claims against the Company not acknowledged as debts	415.12	295.59
ii) Bank Guarantees/Bonds outstanding in favour of President of India & others	15.00	7.20
iii) Letters of Credit outstanding	3,480.66	1,827.30
iv) Bills discounted with banks against irrevocable Letter of Credit	4,421.15	3,184.06
v) Income Tax demands under Appeal	271.92	209.43
vi) Demand of PSEB for voltage surcharge and DSA	255.55	258.95
vii) Subordination letter for not to withdraw the loan from Foreign Subsidiary until negative Equity Situation Reverses	238.66	213.14
viii) Corporate Guarantee given on behalf of Subsidiary Company "Oswal F.M. Hämmerle Textiles Limited" pursuant to Scheme of Corporate Debt Restructuring (CDR scheme). Based on favourable decisions in similar cases, legal opinion taken by the company, discussions with solicitors etc., the company believes that there is a fair chance of favourable decision in respect of item listed above and hence no provision is considered necessary against the same.	8,233.00	–
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	5,793.13	NIL
3. There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets" as it is not probable that an outflow of resources embodying economic benefit will be required.		
4. The Company has not recognised any loss on impairment in respect of assets of the Company as is required in terms of Accounting Standard 28 on "Impairment of Assets" since in the opinion of the Management, there is no reduction in value of any asset.		
5. Amount recoverable in cash or kind include:-		
i) Rs. 163.83 lac (Previous Year Rs. 168.99 lac) being amount of ESI, Excise Duty, Sales Tax, PSEB deposited under protest. No Provision has been made in accounts in respect thereof. The same will be made in the year of settlement.		
ii) 0.49 lac (Previous Year Rs. 1.86 lac) granted as Housing Loan to Managing Director of the Company. Maximum amount due at any time during this year is Rs. 1.86 lac (Previous Year Rs. 3.08 lac).		
iii) Rs. 220 lac (Previous Year Rs. 220 lac) being amount deposited as Income Tax under protest. No provision has been made in respect thereof. The same will be made in the year of settlement.		
6. Remuneration paid to the Auditors (included in legal & professional charges)	2010-11 (Rs. in lac)	2009-10 (Rs. in lac)
A) Audit Fee	3.86	3.14
B) Tax Audit Fee	1.38	0.83
C) Other services	1.65	0.95
D) Out of pocket expenses	1.81	1.59
7. In the opinion of the Board of Directors the value on realization of loans, advances and current assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet and provision for all known liabilities has been made.		
8. As per Accounting Standard (AS) –15 "Employee Benefits", the disclosures of employee benefits as defined in the Accounting Standard are given below:		

Defined Contribution Plan

Contribution to Defined Contribution Plan recognised as expense for the year is as under:

	2010-11	(Rs. in lac) 2009-10
Employer's contribution to Provident Fund	75.24	60.13
Employer's contribution to Superannuation Fund	10.57	10.01
Employer's contribution to Pension Scheme	88.29	73.08

Defined Benefit Plan

The employees' Gratuity Fund Scheme managed by a trust is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

	(Rs. in lac) Gratuity (Funded)	
	2010-11	2009-10
i) Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the year	163.70	144.83
Current service cost	45.17	29.32
Interest cost	12.92	11.79
Actuarial (Gain/Loss)	96.14	(10.05)
Benefits paid	(23.31)	(12.19)
Defined Benefit Obligation at year end	294.62	163.70
ii) Reconciliation of opening and closing balances of Fair Value of Plan Asset		
Fair Value of plan Assets at beginning of the year	159.48	129.34
Expected return on plan assets	13.07	10.41
Actuarial (Gain/Loss)	0.90	0.74
Employer contribution	7.72	18.99
Benefits paid	—	—
Fair Value of plan Assets at the year end	181.17	159.48
	As at 31st March	
	2011	2010
iii) Reconciliation of fair value of assets and obligations		
Fair Value of plan Assets at end	181.17	159.48
Present Value of Obligation	294.62	163.70
Amount recognised in Balance Sheet	113.45	4.22
iv) Amount recognised in the Statement of Profit and Loss		
Current Service Cost	45.17	29.32
Interest cost	12.92	11.79
Expected return on plan assets	(13.07)	(10.41)
Actuarial (Gain)/Loss recognised in the IVP	95.24	(10.79)
Expenses recognised in the Statement of Profit and Loss Account	140.26	19.91
v) The principal assumptions used in determining Gratuity for the Company's Plans are shown below:-		
	2010-11	2009-10
Discount rate	8.50%	8.50%
Expected rate of return on assets	8.00%	7.50%
Mortality rate	LIC 1994-96	LIC 1994-96
Salary rise	8.00%	4.50%
vi) Amounts for the Current and Previous year in respect of Gratuity are as follows :-		
Defined Benefit Obligation	163.70	144.82
Plan Assets	181.16	1.59
Surplus/ (deficit)	(113.45)	(4.21)
Experience adjustment on Plan Assets	0.90	0.74
Experience adjustment on Plan Liabilities	(96.14)	10.05

Disclosures as required under para 120 (n) in respect of two annual periods as required by AS-15 is not presented as the management considers it impracticable in absence of requisite information.

9. During the previous year, 100% provision for diminution in advance to subsidiary company F.M. Hämmerle Nfg GmbH, Austria was made amounting to Rs. 3,574.14 lac. The subsidiary company has already filed an application for liquidation.

Considering this, the advance has been written off and the provision for diminution made in the previous year was written back during the year.

10. Computation of Profit as per Section 198 read with Section 349 of the Companies Act, 1956 for the purpose of remuneration payable to the Managerial Personnel

	2010-11 (Rs. in lac)	2009-10 (Rs. in lac)
Profit before taxes	3,585.22	(3,069.49)
Add : Depreciation for the year	2,731.77	2,830.50
Managerial Remuneration	71.08	50.16
	6,388.07	(188.83)
Less : Depreciation for the year	2,731.77	2,830.50
Profit/(Loss) on sale of fixed assets	80.51	(4.63)
Expenses over income (Section 349) upto the end of Previous year	3,731.05	—
Profit for computation of commission	(155.26)	(3,014.70)
Commission provided for	—	—

11. Remuneration paid/payable to the Chairman & Managing Director and Whole Time Director

	2010-11 (Rs. in lac)	2009-10 (Rs. in lac)
Salary & allowances	52.94	42.73
Contribution to Provident & other funds	5.49	3.43
Other perquisites *	12.65	4.00
	71.08	50.16

* Calculated as per the Income Tax Rules, 1962

Remuneration to Managerial Personnel paid as per Schedule - XIII of the Companies Act 1956, as Minimum Remuneration.

12. The Income Tax Assessment of the Company has been completed upto Assessment Year 2008-09. The Assessing Officer has made certain disallowances in the past resulting in to demands against the Company. The Company has contested these demands in appeals to the relevant authorities. Whereas some appeals have been decided in favour of the Company by the CIT (Appeals), the Department has gone in appeals to the higher authorities. For the issues not settled in favour of the Company, it has also filed appeals to higher authorities. Pending adjudication at various levels, no provision has been considered in accounts. The Company is hopeful of getting desired relief at appropriate levels.

13 A. Derivative Contracts entered into by the Company and outstanding as on 31st March, 2011 for hedging currency risks

Nature	USD	Rs. in lac	JPY	Rs. in lac
Forward Cover				
Account Receivables	1,52,50,000.00	7,081.50	—	—
Previous Year	(1,17,50,000.00)	(5,466.39)	—	—
Account Payable	—	—	—	—
Previous Year	—	—	—	—
Options	—	—	14,69,72,369.19	500.00
Previous Year	—	—	(14,69,72,369.19)	(500.00)

B. Foreign Currency exposure that are not hedged by derivative instruments or otherwise

Nature	USD	Rs. in lac	JPY	Rs. in lac
Account Receivables	9,27,662.34	413.55	—	—
Previous Year	(10,59,711.91)	(476.02)	—	—
Account Payable	—	—	—	—
Previous Year	(1,23,665.00)	(55.55)	—	—
Loans	1,20,00,000.00	5,349.60	—	—
Previous Year	(1,20,00,000.00)	(5,390.40)	—	—

14. Segment Reporting :

The Company has only one segment of Yarn and accordingly the disclosure requirement as prescribed in the Accounting Standard (AS) - 17 on 'Segment Reporting' as notified by Companies (Accounting Standards) Rules, 2006 are not applicable.

15. During the earlier years, the Company has issued 2% Unsecured Foreign Currency Convertible Bonds (FCCBs) in the aggregate principal amount of USD 12 (Twelve) millions in the course of international offerings. The expenses incurred & premium payable on the redemption of such bonds has been adjusted with Share Premium Account in accordance with the provisions of Section 78 of the Companies Act, 1956.

Vardhmān Polytex Limited

16. Related Party Disclosure :

Details of disclosures as required by Accounting Standard (AS) - 18 on "Related Party Disclosures" are as under :-

(Rs. in lac)

Particulars	Subsidiary		Key Management Personnel (KMP)		Relatives of Key Management Personnel		Enterprises over which KMP is able to exercise Significant Influence		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Loan raised	-	-	185.00	-	24.00	-	180.00	-	389.00	-
Loan repaid	-	-	185.00	-	20.00	-	175.00	-	380.00	-
Sale of goods	30.71	-	-	-	-	-	-	-	30.71	-
Purchase of Equity	-	-	-	-	-	1.00	-	-	-	1.00
Investment in Equity Share Capital	-	7,001.00	-	-	-	-	-	-	-	7,001.00
Application money for Equity Share Capital	461.95	66.05	-	-	-	-	-	-	461.95	66.05
Pending allotment	-	-	-	-	-	-	-	-	-	-
Equity share issued	-	-	-	-	-	-	669.83	99.83	669.83	99.83
Advance	(10.76)	(1,468.68)	-	-	-	-	-	-	(10.76)	(1,468.68)
Expense reimbursement	156.82	234.00	-	-	-	-	-	-	156.82	234.00
Rent paid	-	-	24.36	4.06	-	-	-	-	24.36	4.06
Interest income	338.21	130.93	-	-	-	-	-	-	338.21	130.93
Interest paid	-	-	7.35	-	0.42	-	7.84	-	15.61	-
Remuneration	-	-	-	-	4.60	3.74	-	-	4.60	3.74
Corporate Guarantee outstanding	8,233.00	-	-	-	-	-	-	-	8,233.00	-
Managerial Remuneration	-	-	71.08	50.16	-	-	-	-	71.08	50.16
Outstanding balances at year end										
Corporate Guarantee outstanding	8,233.00	-	-	-	-	-	-	-	8,233.00	-
Loan payable	-	-	-	-	4.00	-	5.00	-	9.00	-
Investment	1,3121.94	13,121.94	-	-	-	-	-	-	13,121.94	13,121.94
Application money for Equity Share Capital	528.00	66.05	-	-	-	-	-	-	528.00	66.05
Advance	1,475.79	1,455.48	-	-	-	-	-	-	1,475.79	1,455.48

Note :

	2010-11	2009-10
1. Subsidiary	Oswal F.M. Hämmerle Textiles Ltd. FMH Verwaltungs GmbH, Austria Oswal Industrial Enterprises (P) Ltd.	Oswal FM Hämmerle Textiles Ltd. FMH Verwaltungs GmbH, Austria Oswal Retail Private Ltd.
2. Key Management Personnel	Mr. Ashok Oswal Mr. Adish Oswal	Mr. Ashok Oswal Mr. Adish Oswal
3. Relatives of Key Management Personnel	Mr. Abhinav Oswal Mrs Rakhi Oswal	Mr. Abhinav Oswal Mrs. Rakhi Oswal
4. Enterprises over which Key Management Personnel (KMP) is able to exercise Significant Influence	Panchsheel Textile Mfg. & Trading Co. (P) Ltd. Enakshi Investments (P) Ltd. Liberty Mercantile Co. (P) Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments (P) Ltd. Ruby Mercantile Company (P) Ltd. Boras Investment & Trading Co. (P) Ltd. Gagan Mercantile Company (P) Ltd. Pioneer Mercantile India (P) Ltd. Adesh Investment & Trading Co. (P) Ltd. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech (P) Ltd. Oswal Tradecom (P) Ltd. Oswal Holding (P) Ltd. Nighnagle Dealcom (P) Ltd. Alma Assets Consultancy (P) Ltd.	Panchsheel Textile Mfg. & Trading Co. (P) Ltd. Enakshi Investments (P) Ltd. Liberty Mercantile Co. (P) Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments (P) Ltd. Ruby Mercantile Company (P) Ltd. Boras Investment & Trading Co. (P) Ltd. Gagan Mercantile Company (P) Ltd. Pioneer Mercantile India (P) Ltd. Adesh Investment & Trading Co. (P) Ltd. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech (P) Ltd. Oswal Tradecom (P) Ltd. Oswal Holding (P) Ltd. Nighnagle Dealcom (P) Ltd.

17. Earnings Per Share :-

The calculation of Earnings Per Share (EPS) has been made in accordance with Accounting Standard (AS - 20) on "Earnings Per Share"

		Current Year	Previous Year
Profit after tax (Rs. in lac)	(A)	2,669.97	(2,238.82)
Weighted average number of Equity Shares outstanding during the year of Rs. 10/- each	(B)	1,33,39,193	1,10,23,557
Earning Per Share : Basic (Rs.)	(A/B)	20.02	(20.31)
Earning Per Share : Diluted (Rs.)	(A/B)	20.02	(20.31)

Note : The conversion price of 2% Foreign Currency Convertible Bonds & Preferential Warrants in the previous year are

higher than the fair value of Equity Share as at the closing of the year and accordingly anti-dilutive. Therefore, the same has not been considered for computing the Diluted Earnings per Share.

18. During the year ended 31st March, 2011, the paid up capital of the Company has been increased by issue of 36,17,000 Equity Shares on the preferential basis pursuant to SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009 in the following tranches:-

- On 21.09.2010, the company has allotted 6,60,000 Equity Shares of Rs.10/- each at a premium of Rs. 50.60/- per share and 6,60,000 equity shares of Rs.10/- each at a premium of Rs. 46/- per share to the Promoter Group companies on the conversion of equivalent number of convertible warrants.
- On 29.03.2011, the company has allotted 4,97,000 Equity Shares of Rs.10/- each at a premium of Rs. 29.53/- per share and 18,00,000 equity shares of Rs.10/- each at a premium of Rs. 58/- per share to the financial investors belonging to Non Promoter Group on the conversion of equivalent number of convertible warrants.

The proceeds of these preferential issues have been used for the purpose of meeting the long term working capital requirements and future expansion projects of the company.

19. **Movement of Deferred Tax Liability (Net) is as follows :-**

	Balance as on 01.04.2009	Charge/(Credit) during the year	Balance as on 01.04.2010	Charge/(Credit) during the year	Balance as on 31.03.2011
Timing difference on account of depreciation	1,071.12	1,473.54	2,544.66	900.00	3,444.66
Deferred Tax Assets on account of Section 43B of Income Tax Act and Unabsorbed Depreciation	—	(2,406.21)	(2,406.21)	—	(2,406.21)
TOTAL	1,071.12	(932.67)	138.45	900.00	1,038.45

20. **Additional information as far as applicable, pursuant to Part-II of Schedule-VI to the Companies Act, 1956**

A. Particulars of Capacity & Production

	Unit	As at 31.03.2011	As at 31.03.2010
a) Installed Capacity (as certified by the Management)			
i) Cotton Yarn Spinning	Spindles	1,54,224	1,54,224
ii) Worsted Spinning	Spindles	11,648	11,648
iii) Dyeing Capacity	Tons per day	15	15
b) Actual Production			
Cotton Yarn	In MT	24,698.53	26,289.62
Acrylic Yarn	In MT	1,483.90	327.92
Blended Yarn	In MT	6,191.08	5,947.61
Dyed Yarn	In MT	4,569.90	4,232.82
Garments	PCS	3,28,156.00	2,77,785.00
Waste	In MT	9,124.08	8,538.76

B. Particulars of Opening Stock, Closing Stock & Sales of Finished Goods

Particulars	Unit	Opening Stock		Closing Stock		Sales (Net of Excise)	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Cotton Yarn	In MT	341.09	266.32	1,789.09	341.09	22,507.41	26,416.31 *
	Rs. In lac	415.87	294.04	3,106.42	415.87	40,641.94	31,869.31
Acrylic Yarn	In MT	63.33	99.20	140.96	63.33	1,405.19	362.88 **
	Rs. In lac	139.00	121.51	335.21	139.00	3,456.82	647.51
Blended Yarn	In MT	69.66	170.23	139.00	69.66	6,079.60	6,043.46 ***
	Rs. In lac	94.58	176.95	142.90	94.58	10,911.63	7,596.46
Dyed Yarn	In MT	78.45	61.09	83.31	78.45	4,477.67	4,138.82 ****
	Rs. In lac	155.86	103.23	219.43	155.86	12,056.40	8,456.89
Waste	In MT	156.77	69.92	177.25	156.77	9,029.79	8,442.10 *****
	Rs. In lac	45.06	20.86	122.91	45.05	3,857.61	2,762.66
Garments	PCS	57,908.00	17,716.00	62,046.00	57,908.00	3,24,018.00	2,50,842.00
	Rs. In lac	80.42	26.19	83.15	80.42	569.33	318.45
TOTAL	Rs. in lac	930.79	742.88	4,010.01	930.79	71,493.73	51,651.28

* Samples issued 4.98 MT (Previous Year 4.07 MT), Self Consumption 1,478.57 MT (Previous Year 682.63 MT); Lost in process 0.6 MT (Previous Year 9.77 MT).

** Samples issued NIL (Previous Year NIL), Self Consumption 1.08 MT (Previous Year 0.91 MT).

*** Self Consumption 36.41 MT (Previous Year 2.67 MT), Samples issued 0.18 MT (Previous Year 0.41 MT), Lost in process 5.55 MT (Previous Year 1.65 MT).

**** Self Consumption 93.18 MT (Previous Year 78.29 MT).

***** Waste destroyed 73.81 MT (Previous Year 9.81 MT).

C. Particulars of Purchase of Finished Goods

Particulars	2010-11		2009-10	
	Quantity in MT	Value (Rs. in lac)	Quantity in MT	Value (Rs. in lac)
Cotton Yarn	741.04	1,127.08	897.94	1,106.98
Dyed Yarn	5.81	10.26	1.65	2.73
Garments	–	–	14,421	14.40
TOTAL	746.84	1,137.34	15,320.59	1,124.11

D. Particulars of Raw Material Consumed

Particulars	2010-11		2009-10	
	Quantity in MT	Value (Rs. in lac)	Quantity in MT	Value (Rs. in lac)
Cotton	40,224.09	39,851.54	42,037.10	29,283.09
Man Made Fibre	6,330.93	8,408.20	4,236.15	3,825.41
Fabric	9,725.70	20.78	18,288.60	16.16
TOTAL	56,280.72	48,280.52	64,561.85	33,124.66

E. Detail regarding Imported and Indigenous Material Consumed during the year

Description	Indigenous Value (Rs. in lac)	Imported Value (Rs. in lac)	Indigenous %	Imported %	Total Value (Rs. in lac)
Raw Material					
2010-11	47,979.96	300.55	99.38	0.62	48,280.52
2009-10	33,064.68	59.98	99.82	0.18	33,124.66
Components, Store & Spares *					
2010-11	653.91	202.44	76.36	23.64	856.35
2009-10	531.88	161.73	76.68	23.32	693.60

* Includes expenses which are in the nature of repairs to Plant & Machinery

F. CIF Value of Imports

	2010-11 Rs. in lac	2009-10 Rs. in lac
Raw Material	572.97	123.26
Capital Goods	147.37	237.12
Components, Stores & Spares	213.43	162.75
TOTAL	933.77	523.13

G. F.O.B. Value of Exports

21,276.44 15,070.89

H. Expenditure in Foreign Currency

- Travelling	17.30	8.46
- Commission	354.67	292.66
- Others	3.06	5.10
TOTAL	375.03	306.22

21. The Company is paying rentals for office premises taken on rent which are not in the nature of lease agreements. Therefore, disclosure requirement of Accounting Standards (AS) – 19 'Leases' are not applicable.

22. Figures for the Previous Year have been rearranged and/or regrouped wherever considered necessary to facilitate comparison.

23. Figures in bracket indicate deductions.

24. Information required by Part IV of Schedule - VI of the Companies Act, 1956.

As per our report of even date attached

For S.S. KOTHARI MEHTA & CO.

Chartered Accountants

Sd/-
(Arun K. Tulsian)
Partner
M. No. 89907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 14th May, 2011

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

4 2 4 2

State Code

1 6

Balance Sheet Date

3 1

0 3

2 0 1 1

Date

Month

Year

II. Capital Raised during the Year (Amount in Rs. Thousand)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

3 6 1 7 0

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Assets

6 6 8 2 1 2 1

Total Liabilities

6 6 8 2 1 2 1

Sources of Funds

Paid-up Capital

1 6 2 7 7 5

Reserves & Surplus *

1 7 0 1 4 1 5

Secured Loans

4 0 0 3 6 0 0

Unsecured Loans

8 1 4 3 3 1

Application of Funds

Net Fixed Assets **

2 6 8 4 8 2 5

Investments

1 3 2 6 0 0 7

Net Current Assets

2 6 7 1 2 8 9

Miscellaneous Expenditure

N I L

Accumulated Losses

N I L

* Including Deferred Tax Liability of Rs. 103845 thousands

** Including Capital Work in Progress & Pre-operative expenses of Rs. 295550 thousands

IV. Performance of the Company (Amount in Rs. Thousand)

Turnover (including other Income)

7 1 9 5 0 0 8

Total Expenditure

6 8 3 6 4 8 6

Profit/Loss before Tax

+ 3 5 8 5 2 2

Profit/Loss after Tax

+ 2 6 6 9 9 7

Earning per Share in Rs.

Basic 2 0 . 0 2

Diluted 2 0 . 0 2

V. Generic Names of Three Principal Products / Services of the Company (As per Monetary Terms)

Item Code No.

5 2 . 0 5

Product Description

C O T T O N Y A R N

Item Code No.

5 2 . 0 9

Product Description

A C R Y L I C Y A R N

Item Code No.

5 2 . 0 6

Product Description

B L E N D E D Y A R N

As per our report of even date attached

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

Sd/-
(Arun K. Tulsian)
Partner

M. No. 89907
Place : Ludhiana
Date : 14th May, 2011

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Oswal
Chairman &
Managing Director

Consolidated Results of Vardhmān Polytex Limited

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
The Members of
Vardhman Polytex Limited

We have audited the attached Consolidated Balance Sheet of Vardhman Polytex Limited ('the Company') and its subsidiaries (collectively referred to as "the Group") as at March 31, 2011, and also the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with identified financial reporting framework and are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the separate financial statements of a subsidiary, F.M. Hämmerle Verwaltungs GmbH, Austria whose unaudited financial statements reflect total assets of Rs. 206.71 lac as at 31st March, 2011 (Previous Year Rs.140.28 lac) and total revenues of Rs. 154.27 lac (Previous Year Rs. 113.26 lac) for the year ended. The said financial statements of F.M. Hämmerle Verwaltungs GmbH, which were furnished to us by the Management were unaudited.

We also did not audit the financial statements of a subsidiary Oswal Industrial Enterprise Private Limited, (Formerly known as Oswal Retail Private Limited) reflecting total assets of Rs. 170.91 lac as at 31st March, 2011 (Previous Year Rs.185.69 lac) and total revenues

of Rs. 150.58 lac (Previous Year Rs. 10.34 lac) for the period then ended have been audited by other auditors whose report have been furnished to us by the Management and our opinion is based solely on the report of the other auditor.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) - 21, 'Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) and on the basis of the separate Audited Financial Statements of the subsidiaries included in the Consolidated Financial Statements.

Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of Consolidated Balance Sheet, of the Consolidated State of Affairs of the Group as at 31st March, 2011;
- b) in the case of Consolidated Profit & Loss Account, of the Profit of the Group for the year ended on that date; and
- c) in the case of Consolidated Cash Flow Statement, of the Cash flows of the Group for the year ended on that date.

For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants

(Arun K. Tulsian)

Partner

Place : Ludhiana

Dated : 14th May, 2011

Membership No. 89907

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Schedule No.	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	1	1,627.75	1,266.05
b) Share Application Money (Pending Allotment)		—	149.23
c) Reserves & Surplus	2	11,485.46	8,327.05
2. Deferred Government Grant		222.20	249.19
3. Loan Funds			
a) Secured Loans	3	56,486.46	51,427.83
b) Unsecured Loans	4	8,758.64	7,683.27
4. Minority Interest		588.00	810.25
5. Deferred Tax Liability (Net)	20	1,038.45	138.45
TOTAL		80,206.96	70,051.32
II. APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	5	67,794.99	66,491.61
b) Less: Depreciation		25,017.23	20,824.82
c) Net Block		42,777.76	45,666.79
d) Capital Work in Progress	6	2,638.94	1,068.20
e) Project & Pre-operative Expenditure (Pending Allocation)	7	395.32	158.76
2. Investments	8	144.12	542.05
3. Goodwill on Consolidation		5,352.20	5,352.20
4. Current Assets, Loans and Advances	9		
a) Inventories		17,564.40	9,246.73
b) Sundry Debtors		8,948.53	5,180.90
c) Cash and Bank Balances		1,910.06	811.48
d) Loans and Advances		7,049.98	5,670.29
TOTAL	A	35,472.97	20,909.40
Less: Current Liabilities & Provisions	10		
a) Liabilities		5,715.50	3,290.36
b) Provisions		858.85	417.47
TOTAL	B	6,574.35	3,707.83
Net Current Assets	(A-B)	28,898.62	17,201.57
5. Misc Expenditure		—	61.76
(Foreign Currency Monetary Items Translation Difference Account)			
TOTAL		80,206.96	70,051.32
Significant Accounting Policies & Notes to Accounts	20		

The Schedules referred to above form an integral part of the Balance Sheet.
As per our report of even date attached.

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

Sd/-
(Arun K. Tulsian)
Partner
M. No. 89907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 14th May, 2011

Consolidated Results of Vardhmān Polytex Limited

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

Particulars	Schedule No.	Current Year (Rs. in lac)	Previous Year (Rs. in lac)
INCOME			
Gross Sales & Operation Income	11	80,425.24	57,855.04
Less: Excise Duty		1.61	6.68
Net Sales and Operational Income		80,423.63	57,848.36
Other Income	12	520.91	510.55
TOTAL		80,944.54	58,358.91
EXPENDITURE			
Raw Material Consumed & Purchase of Finished Goods	13	53,792.30	36,473.80
Manufacturing Expenses	14	11,527.96	10,093.63
Personnel Expenses	15	4,447.06	3,398.79
Administrative Expenses	16	1,533.01	1,163.49
Financial Expenses	17	5,158.56	4,608.35
Selling Expenses	18	2,337.37	1,713.55
(Increase)/Decrease in Stock of Finished goods and Work in Process	19	(4,421.19)	(935.08)
Depreciation	5	4,250.39	4,341.50
TOTAL		78,625.46	60,858.03
Provision for diminution in the value of advance		—	(3,574.14)
Advance written off		3,574.14	—
Less : Provision for diminution in value of Investment written back		(3,574.14)	—
Profit before tax		2,319.08	(6,073.26)
Less: Provision for :			
- Wealth Tax		15.25	21.00
- Income Tax		1.05	81.96
- Deferred Tax		900.00	(932.67)
Profit after Tax		1,402.78	(5,243.55)
Less Minority interests in Income of Subsidiaries		(222.25)	(486.74)
Income attributable to Consolidated Group		1,625.03	(4,756.81)
Brought forward from last year		(5,856.32)	(2,125.70)
Less : Transferred to Goodwill against pre acquisition losses		—	(1,026.20)
Amount available for Appropriation		(4,231.29)	(5,856.32)
Appropriations :			
Transfer of surplus to Balance Sheet		(4,231.29)	(5,856.32)
TOTAL		(4,231.29)	(5,856.32)
Earning Per Share of Rs. 10/- each			
- Basic (in Rs.)		12.18	(43.15)
- Diluted (in Rs.)		12.18	(43.15)
Significant Accounting Policies & Notes to Accounts	20		

The Schedules referred to above form an integral part of the Profit & Loss Account.
As per our report of even date attached.

For S.S. KOTHARI MEHTA & CO.

Chartered Accountants

Sd/-
(Arun K. Tulsian)
Partner
M. No. 89907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 14th May, 2011

CASH FLOW STATEMENT FOR THE PERIOD 1ST APRIL, 2010 TO 31ST MARCH, 2011 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	2010-11 (Rs. in lac)	2009-10 (Rs. in lac)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	2,319.08	(6,073.26)
Adjustments for :		
Depreciation	4,250.39	4,341.50
Interest Paid	5,158.56	4,608.35
Interest/Dividend Received	(36.17)	(119.54)
(Profit)/Loss on sale of Assets (Net)	(69.73)	5.87
Sundry Balances written back	(10.91)	(2.15)
Foreign Currency Translation reserve written back	61.76	(165.60)
Sundry Balances written off	125.24	188.68
(Profit)/Loss on Sale of Investments (Net)	(16.03)	64.37
Income recognized under deferred Govt. Grant	(26.99)	(26.98)
	<u>9,436.12</u>	<u>8,894.50</u>
Operating Profit before Working Capital changes	11,755.20	2,821.24
Adjustments for :		
(Increase)/ Decrease in Trade & other Receivables	(5,258.85)	1,748.31
(Increase)/ Decrease in Inventories	(8,317.66)	(3.89)
Increase/ (Decrease) in Trade Payables & other Liabilities	2,191.35	2,171.19
	<u>(11,385.16)</u>	<u>3,915.61</u>
Cash Generation from Operations	370.04	6,736.85
Taxes Paid	361.80	—
Net Cash from Operating Activities	<u>731.84</u>	<u>6,736.85</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,230.36)	(1,626.56)
Interest/Dividend Received	36.17	119.54
Purchase of Investments	(21.39)	—
Sale of Investment	435.35	3,815.30
Sale of Fixed Assets	131.40	996.44
Net Cash from Investing Activities	<u>(2,648.83)</u>	<u>3,304.72</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	2,040.13	936.01
Proceeds from Long Term Borrowings (Net)	(2,657.37)	(5,106.63)
Proceeds from Short Term Borrowings (Net)	8,832.17	(1,123.55)
Interest Paid	(5,158.56)	(4,608.35)
Reinstatement of FCCBs	(40.80)	(44.41)
Deferred Government Grant	—	276.16
Net Cash from Financing Activities	<u>3,015.57</u>	<u>(9,670.77)</u>
Net Increase/(Decrease) in cash & cash equivalents	1,098.58	370.80
Cash & cash equivalents at the beginning	811.48	440.68
Cash & cash equivalents at the close	1,910.09	811.48

Cash & Cash equivalent components are as per Schedule No. 9 (C) of the Balance Sheet.

Figures for the Previous Year have been rearranged and/or regrouped wherever considered necessary.

As per our report of even date attached

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

Sd/-
(Arun K. Tulsian)
Partner
M. No. 89907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 14th May, 2011

Consolidated Results of Vardhmān Polytex Limited

SCHEDULES TO THE ACCOUNTS

SCHEDULES 1 TO 20 ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 AND CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

		As at 31.03.2011 (Rs. in lac)		As at 31.03.2010 (Rs. in lac)
SCHEDULE 1 — SHARE CAPITAL				
Authorised				
2,14,90,000	(Previous Year 2,14,90,000) Equity Shares of Rs 10/- each	2,149.00		2,149.00
1,000	(Previous Year 1,000) Redeemable Cumulative Preference Shares of Rs 100/- each	1.00		1.00
8,50,000	(Previous Year 8,50,000) Redeemable Non Cumulative Preference Shares of Rs 100/- each	850.00		850
		3,000.00		3,000.00
Issued, Subscribed and Paid Up				
1,62,42,957	(Previous Year 1,26,25,957) Equity Shares of Rs. 10/- each fully paid up	1,624.30	1,262.60	
	Add : Forfeited Shares (Amount originally paid up)	3.45	3.45	1,266.05
	TOTAL	1,627.75		1,266.05

Note :- Paid Up Share Capital Includes :

- 4,97,000 Equity Shares of Rs. 10/- each at a premium of Rs. 29.53/- per share arising out of conversion of the convertible warrants issued on preferential basis during the year (Refer Note No. 15 of Schedule 20).
- 6,60,000 Equity Shares of Rs. 10/- each at a premium of Rs. 50.60/- per share arising out of conversion of the convertible warrants issued on preferential basis during the year (Refer Note No. 15 of Schedule 20).
- 6,60,000 Equity Shares of Rs. 10/- each at a premium of Rs. 46/- per share arising out of conversion of the convertible warrants issued on preferential basis during the year (Refer Note No. 15 of Schedule 20).
- 18,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 58/- per share arising out of conversion of the convertible warrants issued on preferential basis during the year (Refer Note No. 15 of Schedule 20).

SCHEDULE 2 — RESERVES AND SURPLUS

Capital Redemption Reserve		0.01		0.01
Capital Subsidy		95.50		95.50
Securities Premium Account as per Last Year Account	3,681.89		3,392.77	
Add: Received during the year	1,827.66		591.49	
Less: Utilized for providing for the Premium on Redemption of 2% Foreign Currency Convertible Bonds & Issue of Preferential Warrants	297.07	5,212.48	302.37	3,681.89
Reserve for Bad & Doubtful Debts & Advances As per Last Account	150.00		150.00	
Less: Transfer to Profit & Loss Account	—	150.00	—	150.00
General Reserve As per Last Account	10,216.21		10,216.21	
Add : Transfer from Profit & Loss Account	—	10,216.21	—	10,216.21
Amalgamation Reserve		45.00		45.00
Foreign Currency Translation Reserve During the Year	(5.25) 2.80		160.35	
Less : Transferred to Misc Income (Refer Note No. 3(A) of Schedule 20)	—	(2.45)	165.60	(5.25)
Surplus as per Profit & Loss Account		(4,231.29)		(5,856.32)
TOTAL		11,485.46		8,327.04

Consolidated Results of Vardhmān Polytex Limited

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE : 3 — SECURED LOANS		
Term Loans		
-From Banks	25,644.02	28,486.48
- Others	500.00	—
Funded Interest Term Loan	646.00	—
Short Term Loan From Banks	3,281.47	1,530.00
Working Capital Term Loan	8,667.00	9,800.00
Working Capital Borrowings From Banks	17,587.04	11,554.50
Vehicle Loan From Banks	160.93	56.85
TOTAL	56,486.46	51,427.83

Notes:

1. Term loans from Banks are secured by Equitable Mortgage created or to be created on all the immovable assets of the company, both present and future, and hypothecation of all the movable assets including movable machinery, machinery parts, tools and accessories and other movables, both present and future (except book debts) subject to prior charges created or to be created in favour of the bankers for securing the working capital facilities availed from them.
2. Short term loan from Banks are secured by second charge on current assets of the Company. Due for repayment within one year, out of such loans NIL (Previous Year Rs. 1,000 lac).
3. Working Capital Borrowings from Banks are secured by hypothecation of entire present & future tangible currents assets of the Company and are also personally guaranteed by Chairman & Managing Director of the Company.
4. Amount due for repayment within next one year out of long term loans is Rs. 5,174.27 lac (Previous Year Rs. 4,459.00 lac).
5. Working Capital Term Loans, carved out of existing outstanding in Working Capital Account in previous year was pending approval by member Banks. The final amount sanctioned got reduced to Rs. 8,667.00 lac which is shown outstanding this year. The same is repayable over a four year period starting from April'11.
6. Term loan from others is guaranteed by Panchsheel Textile Mfg. & Trading Co. Pvt. Ltd. along with charge on specific assets.
7. Term loans of subsidiary Oswal F.M. Hämmerle Textiles Ltd. includes Funded Interest Term Loan (FITL) sanctioned by the term lenders pursuant to the CDR package.
8. Working Capital Borrowings from Banks of subsidiary Oswal F.M. Hämmerle Textiles Ltd. are secured by hypothecation of entire present & future tangible currents assets of the Company & the second charge on the fixed assets of the Company.

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE : 4 — UNSECURED LOANS		
2% Foreign Currency Convertible Bonds (Refer Note 1)	5,349.60	5,390.40
Fixed Deposits (Refer Note 2)	68.01	—
Loan from F.M. Hämmerle Nfg GmbH	—	12.02
Others	3,341.03	2,280.85
TOTAL	8,758.64	7683.27

Notes:

1. 2% Foreign Currency Convertible Bonds were issued to foreign investors on 12.02.2008, by Company in terms of offering memorandum dated 12.02.2008. These bonds can be converted into Equity Shares of Nominal Value of Rs. 10/- at the option of holders at any time on or after 18 months at a pre-determined price of Rs. 106.83/- per share unless previously redeemed and cancelled or converted, the bonds are redeemable on or after 11.02.2013.
2. Includes deposits received from Directors amounting to Rs. 3.00 lac (Previous Year NIL).

Consolidated Results of Vardhmān Polytex Limited

SCHEDULE 5 — FIXED ASSETS

(Rs. in lac)

Sr. No.	Particulars	Gross Block			As at 31.03.2011
		As at 01.04.2010	Additions	Sales/ Adjustments	
A) Tangible Assets					
1. Freehold Land & Site Development		1,716.18	46.23	8.12	1,754.29
2. Lease Hold Land		407.37	—	—	407.37
3. Building		15,856.96	41.39	36.49	15,861.86
4. Plant & Machinery		44,650.98	1,097.21	58.14	45,690.05
5. Furniture & Fixture		427.67	12.13	16.70	423.10
6. Vehicles		372.88	185.28	—	558.16
B) Intangible Assets					
7. Trademarks (Bought Out)		2,610.93	—	0.24	2,610.69
8. Software (Bought Out)		448.65	40.82	—	489.47
TOTAL		66,491.61	1,423.06	119.69	67,794.99
Previous Year		66,774.36	939.14	1,221.89	66,491.61

Sr. No.	Particulars	Depreciation			Net Block	
		Upto 01.04.2010	During the Year	Sales/ Adjustments	Upto 31.03.2011	As at 31.03.2011
A) Tangible Assets						
1. Freehold Land & Site Development		—	—	—	—	1,754.29
2. Lease Hold Land		0.14	12.43	—	12.57	394.80
3. Building		1,931.47	449.34	8.52	2,372.29	13,489.57
4. Plant & Machinery		17,819.40	3,411.59	44.42	21,186.57	24,503.48
5. Furniture & Fixture		184.31	21.34	4.87	200.78	222.32
6. Vehicles		152.57	34.96	—	187.53	370.63
B) Intangible Assets						
7. Trademarks (Bought Out)		536.20	247.03	0.17	783.06	1,827.63
8. Software (Bought Out)		200.73	73.70	—	274.43	215.04
TOTAL		20,824.82	4,250.39	57.98	25,017.23	42,777.76
Previous Year		16,703.91	4,340.48	219.58	20,824.82	45,666.79

Notes:

- The Freehold Land cost is net of Subsidy Rs.16.20 lac (Previous Year Rs.16.20 lac) received from the State Government, Land of Rs. 592.59 lac (Previous Year Rs. 592.59 lac) is pending conveyancing in favour of the Company. Lease Hold Land is on 99 year Lease.
- Land includes Rs. 22.69 lac (Previous Year NIL) purchased at Nalagarh, pending transfer of title in favour of the Company.
- Building includes Rs. 85.05 lac (Previous Year Rs. 85.05 lac) being cost of flat at Delhi, pending transfer of title in favour of the Company and Rs. 359.78 lac (Previous Year Rs. 359.78 lac) being cost of Industrial Shed at Focal Point, Ludhiana pending conveyancing in favour of the Company.
- Land of Subsidiary Oswal F.M. Hämmerle Textiles Ltd. is leased for a period of 95 years from MIDC, Kolhapur (Maharashtra).

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE 6 — CAPITAL WORK-IN-PROGRESS		
Machinery under Erection	77.17	525.27
Building under Construction	751.59	10.34
Advance against purchase of Land & Building	117.03	0.10
Capital Advances	1,691.05	532.49
Others	2.10	—
TOTAL	2,638.94	1,068.20

SCHEDULE 7 — PROJECT AND PRE-OPERATIVE EXPENSES (PENDING ALLOCATION)

Interest and Financial Expenses	125.70	69.28
Traveling Expenses	2.51	—
Technical Consultancy	120.33	—
Rates & Taxes	110.77	—
Other Expenses	36.01	89.48
TOTAL	395.32	158.76
Less : Capitalised	—	—
Pending Allocation	395.32	158.76

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE 8 — INVESTMENTS		
I. Long Term Investments		
Trade		
Unquoted: (Others)		
250 (Previous Year 250) Equity Shares of Rs.10/- each fully paid up of VKM Colour Spin Limited	0.03	0.03
5,000 (Previous Year 5,000) Equity Shares of Rs. 10/- each fully paid up of Deluxe Fabrics Limited	0.50	0.50
Investment in Subsidiaries, Non - Trade		
Shares of FM Hämmerle Nfg GmbH (Minimum Registration Capital)	22.54	22.54
Less : Provision for diminution in the value of investment	22.54	22.54
	—	—
Quoted :		
NIL (Previous Year 1,51,554) Equity Shares of Rs.10/- each fully paid up of Vardhman Textiles Ltd.	—	413.27
SUB TOTAL	0.53	413.80
2. Current Investments		
Non - trade		
Quoted :		
15,000 (Previous Year NIL) Equity Shares of Rs. 10/- each fully paid up of DCM Ltd	11.43	—
3,000 (Previous Year NIL) Equity Shares of Rs. 1/- each fully paid up of Sterlite Ind Ltd	4.94	—
5,000 (Previous Year NIL) Equity Shares of Rs. 2/- each fully paid up of Unitech Ltd	2.02	—
Unquoted		
Nifty Linked Fixed Growth Fund	10.25	10.25
SBI Smart Unit Linked Plan	6.00	3.00
Investment in Mutual Funds	108.95	115.00
SUB-TOTAL	143.59	128.25
TOTAL@	144.12	542.05

Notes:

- Market Value of Quoted Investments **18.66** 401.69
- Aggregate Book Value of Quoted Investments **18.39** 413.27
- Aggregate Book Value of Unquoted Investments **125.73** 128.78
- Shares of Vardhman Textiles Ltd NIL (Previous Year 1,50,000 shares) are pledged in favour of Yes Bank Ltd for availing a packing credit facility of Rs. 400 lac.
- During the year, Preference Shares of the Subsidiary Company Oswal Industrial Enterprise (P) Ltd. have been redeemed and redemption proceeds exchanged for Equity Shares.
- @ Includes purchases during the year - Face Value Rs. 98.58 lac (Previous Year Rs. 41.58 lac), cost Rs. 3,569.00 lac (Previous Year Rs. 717.72 lac), Sales during the year- Face Value Rs. 120.12 lac (Previous Year Rs. 42.54 lac), Cost Rs. 4,006.32 lac (Previous Year Rs. 797.00 lac).

Consolidated Results of Vardhmān Polytex Limited

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
SCHEDULE 9 — CURRENT ASSETS, LOANS AND ADVANCES		
(A) INVENTORIES		
(As taken, valued and certified by the Management)		
Raw Materials	9,861.92	6,235.83
Finished Goods & Waste	4,722.61	1,135.88
Work in Process	2,264.94	1,430.47
Stores & Spares	512.38	407.78
Material in Transit	202.55	36.77
TOTAL	17,564.40	9,246.73
(B) SUNDRY DEBTORS		
(Unsecured considered good unless otherwise stated)		
Outstanding for more than six months	1,030.09	953.80
Others	7,918.44	4,227.10
TOTAL	8,948.53	5,180.90
(C) CASH AND BANK BALANCES		
Cash in Hand, Remittance in Transit & Cheques in Hand [Including Cash in Hand Rs. 298.56 lac (Previous Year Rs. 42.85 lac)]	312.02	43.09
Balance with Scheduled Banks In		
Current Accounts	547.93	403.05
Fixed Deposit	6.50	11.00
Margin Money against Letter of Credit	616.38	—
Fixed Deposit pledged with Banks	427.23	354.34
TOTAL	1,910.06	811.48
(D) LOANS & ADVANCES		
Advances recoverable in cash or in kind or for value to be received	5,224.96	4,329.62
Inter Corporate Deposits	110.00	110.00
Advance Tax and TDS	3,884.52	3,472.57
Less: Provision for Taxation	3,592.54	3,577.29
Deposits and Balances with Government Authorities	1,407.04	1,319.39
MAT Credit Entitlement	16.00	16.00
TOTAL	7,049.98	5,670.29
SCHEDULE 10 — CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES		
Sundry Creditors ***	—	—
Micro and Small enterprises	—	—
Other than Micro and Small enterprises	3,642.70	1,836.83
Trade Deposit and Advances	45.95	140.42
Other Liabilities	1,919.50	1,252.32
Security Deposits & Retention Money from Contractors	48.13	32.86
Interest accrued but not due on Loans/ Deposits	36.46	—
Liability towards Investors Education and Protection Fund under Section 205C of Companies Act, 1956 not due	—	—
- Unclaimed dividends	22.76	27.93
TOTAL	5,715.50	3,290.36
(B) PROVISIONS		
Provision for Premium on redemption of FCCBs	579.03	403.17
Provision for Gratuity	158.79	14.30
Provision for Leave Encashment	121.03	—
TOTAL	858.85	417.47

*** The Company has so far not received from the vendors/ suppliers their status as Micro, Small & Medium Enterprises under MSMED Act, 2006 so the disclosure requirement for balance outstanding, interest paid/ payable as at the year end as required under the Act has not been given.

Other liabilities include -

Balance in the Director's Current Account Rs. 12.00 lac (Previous Year Rs. 12.00 lac). Maximum amount outstanding during the year Rs. 12.00 lac (Previous Year Rs. 12.00 lac)

	Current Year (Rs. in lac)	Previous Year (Rs. in lac)
SCHEDULE 11— SALES AND OPERATIONAL INCOME		
Sales	80,272.84	56,677.36
Job charges income	38.08	18.96
Export incentives/benefits	114.32	1,158.72
TOTAL	80,425.24	57,855.04
SCHEDULE 12— OTHER INCOME		
Interest received on deposit with Banks (Includes TDS Rs. 4.48 lac (Previous Year Rs. 20.12 lac)	24.60	109.84
Claims received	6.85	7.36
Profit from sale of Investments (Net)	16.03	(64.37)
Dividend Income	11.57	9.70
Profit on sale of Fixed Assets	80.51	(5.87)
Rebate & Discount	12.83	35.22
Foreign Currency Translation Reserve written back	—	165.60
Misc. Balances no longer required written back	10.91	2.15
Income recognised under deferred Government Grant	26.98	26.98
Rent received	12.21	17.46
Miscellaneous Income	318.42	206.48
TOTAL	520.91	510.55
SCHEDULE 13 — RAW MATERIAL CONSUMED & PURCHASE OF FINISHED GOODS		
Opening Stock	6,235.83	7,006.34
Purchases	55,782.61	34,332.32
Incidental expenses/Purchase Tax	415.81	126.20
TOTAL	62,434.25	41,464.86
Less: Closing stock	9,861.92	6,235.83
Cost of Material sold	—	18.64
Raw Material Consumed	52,572.33	35,210.39
Add: Purchases of Finished Goods	1,219.97	1,263.41
TOTAL	53,792.30	36,473.80
SCHEDULE 14 — MANUFACTURING EXPENSES		
Power & Fuel	6,609.84	6,213.08
Stores & Spares Consumed	2,596.87	2,176.81
Packing Material Consumed	1,034.73	874.62
Processing Charges	229.99	114.48
Machinery Repairs	654.20	438.22
Water Charges	156.41	90.17
Miscellaneous Expenses	245.92	186.25
TOTAL	11,527.96	10,093.63
SCHEDULE 15 — PERSONNEL EXPENSES		
Salaries, Wages & other Benefits	4,002.50	3,075.97
Contribution to Provident & other Funds	307.67	243.43
Staff Welfare Expenses	136.89	79.39
TOTAL	4,447.06	3,398.79

Consolidated Results of Vardhmān Polytex Limited

	Current Year (Rs. in lac)	Previous Year (Rs. in lac)
SCHEDULE 16 — ADMINISTRATIVE EXPENSES		
Rent	58.88	35.47
Rates & Taxes	40.17	35.74
Insurance	72.94	61.10
Building & General Repairs	54.34	31.31
Managerial Remuneration	71.08	50.16
Directors' Travelling Expenses	49.41	14.24
Sundry Balances Written off	125.24	188.68
Charity & Donations	0.47	1.13
Loss on Sale of Fixed Assets	10.78	—
Postage, Telegram & Telephone	65.83	55.81
Printing & Stationery	42.68	39.81
Legal & Professional	182.13	83.28
Difference in Exchange Rate	213.74	22.10
Travelling, Boarding & Conveyance Expenses	174.74	180.29
Computer Maintenance	48.89	—
Vehicle Maintenance	82.95	53.18
Electricity & Water Charges	30.92	22.65
Miscellaneous Expenses	207.82	288.54
TOTAL	1,533.01	1,163.49
SCHEDULE 17 — FINANCIAL EXPENSES		
Interest:		
On Term Loans & other Fixed Loans	1,432.01	1,862.66
On Working Capital Borrowings	3,371.70	3,103.79
Others	531.29	173.73
Bank Charges & Others	474.33	280.79
	5,809.33	5,420.97
Less: Interest Received from-**		
- Customers	79.48	204.53
- Fixed Deposits	25.14	24.15
- Inter Corporate Deposits	11.00	11.00
- Others	47.86	106.96
- Foreign Currency Fluctuation Gain	200.99	165.95
- Profit on Forward Exchange Contracts	286.30	300.03
TOTAL	5,158.56	4,608.35
** Including TDS Rs. 38.07 lac (Previous Year Rs. 44.61 lac)		
SCHEDULE 18 — SELLING EXPENSES		
Commission on Sales	774.48	433.05
Delivery Expenses (Including Freight, Octroi & Others)	1,070.66	989.77
Rebate & Discount	36.04	37.16
Sales Promotion	27.51	3.86
Cash Discount	133.54	70.48
Miscellaneous Expenses	295.14	179.23
TOTAL	2,337.37	1,713.55
SCHEDULE 19 — (INCREASE)/DECREASE IN STOCKS OF FINISHED GOODS AND WORK-IN-PROCESS		
Opening Stock		
Work-in-Process	1,430.47	759.36
Finished Stock (Including Waste)	1,135.88	871.91
Less: Closing Stock		
Work In Process	2,264.93	1,430.47
Finished Stock (Including Waste)	4,722.61	1,135.88
(Increase)\Decrease in Stock	(4,421.19)	(935.08)

SCHEDULE 20— SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- i) Vardhman Polytex Ltd. has prepared Consolidated Financial Statements by consolidating its Accounts with those of its following subsidiaries as on 31.03.2011, in accordance with Accounting Standard 21 (Consolidated Financial Statements) notified by Companies (Accounting Standards) Rules, 2006.

Name of Subsidiaries	Country of incorporation	% Shareholding/Voting Power as on 31st March 2011
Oswal FM Hämmerle Textiles Ltd	India	81.89%
Oswal Industrial Enterprise (P) Ltd (Formerly : Oswal Retail (P) Ltd)	India	100.00%
F.M. Hämmerle Verwaltungs GmbH	Austria	100.00%

- ii) The Financial Statements of Parent Company and its Subsidiaries have been consolidated on line by line basis by adding together book value of like items of assets, liabilities, income and expenses after eliminating intra- group balances and intra-group transactions.
- iii) Foreign Subsidiary - Operations of Foreign Subsidiary have been considered by Management as non integral; thus items of the assets and liabilities, both monetary and non-monetary, have been translated at the exchange rates prevailing at the end of the year and items of income and expenses have been translated at the average rate prevailing during the period. Resulting exchange differences arising on translation of said items have been transferred to Foreign Currency Translation Reserve Account.
- iv) Since Foreign Subsidiary is in same line of business which function in different regulatory environment, certain policies such as in respect of reinstatement of forex liabilities are different from the policies followed by the Holding Company. The Notes on Accounts and Policies followed by Subsidiary and Holding company are disclosed in their respective Financial Statements.
- v) Figures pertaining to the Subsidiary Companies have been reclassified wherever necessary to bring them in line with Parent Company's Financial Statements.

OTHER NOTES

1. Contingent Liabilities not provided for in respect of

	As at 31.03.2011 (Rs. in lac)	As at 31.03.2010 (Rs. in lac)
i) Claims against the Company not acknowledged as debts	415.12	295.59
ii) Bank Guarantees/Bonds outstanding in favour of President of India & others	308.76	288.97
iii) Letters of Credit Outstanding	3480.66	1827.30
iv) Bills discounted with Banks against Irrevocable Letter of Credit	4421.15	3184.06
v) Income tax demands under appeal	271.92	209.43
vi) Demand of PSEB for Voltage Surcharge and DSA	255.55	258.95
vii) Subordination letter for not to withdraw the loan from foreign subsidiary until Negative Equity Situation Reverses	238.66	213.14
viii) Corporate Guarantee given on behalf of Subsidiary Company "Oswal FM Hämmerle Textiles Limited" pursuant to Scheme of Corporate Debt Restructuring (CDR Scheme).	8233.00	—

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with solicitors etc., the company believes that there is a fair chance of favourable decision in respect of items listed above and hence no provision is considered necessary against the same.

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)
- | | | | |
|--|----------------|----------|-----|
| | Parent Co. | 5,793.13 | NIL |
| | Subsidiary Co. | 65.22 | NIL |
- 3 A. During the previous year, 100% provision for diminution in advance to Subsidiary Company F.M. Hämmerle Nfg GmbH, Austria was made amounting to Rs. 3,574.14 lac. The Subsidiary Company has already filed an application for liquidation. Considering this, the advance has been written off and the provision for diminution made in the previous year was written back during the year.
- B. During the earlier year, the management was in the process of the disposal of the Subsidiary Company F.M. Hämmerle Nfg GmbH, Austria. Due to this, the Company had excluded this company from consolidation as per Accounting Standard (AS) 21 on 'Consolidation Financial Statement' notified by Companies (Accounting Standards) Rules, 2006. During the Previous Year, the Company had filed an application for the liquidation of the subsidiary company.

4. Segment Reporting :

The Company has only one segment of yarn and accordingly the disclosure requirement as prescribed in the Accounting Standard (AS) - 17 on 'Segment Reporting' as notified by Companies (Accounting Standards) Rules, 2006 are not applicable.

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5. During the earlier years, the Company has issued 2% Unsecured Foreign Currency Convertible Bonds (FCCBs) in the aggregate Principal amount of USD 12 (Twelve) millions in the course of international offerings. The expenses incurred & premium payable on the redemption of such bonds has been adjusted with Share Premium Account in accordance with the provisions of Section 78 of the Companies Act, 1956.
6. Amount recoverable in cash or kind include:-
- Rs. 163.83 lac (Previous Year Rs. 168.99 lac) being amount of ESI, Excise Duty, Sales Tax, PSEB deposited under protest. No Provision has been made in accounts in respect thereof. The same will be made in the year of settlement.
 - 0.49 lac (Previous Year Rs. 1.86 lac) granted as Housing Loan to Managing Director of the Company. Maximum amount due at any time during this year is Rs. 1.86 lac (Previous Year Rs. 3.08 lac).
 - Rs. 220 lac (Previous Year Rs. 220 lac) being amount deposited as Income Tax under protest. No provision has been made in respect thereof. The same will be made in the year of settlement.

7. Remuneration paid to the Auditors (included in legal & professional charges)	2010-11 (Rs. in lac)	2009-10 (Rs. in lac)
A) Audit Fee	5.41	5.02
B) Tax Audit Fee	1.77	1.11
C) Other services	2.29	0.95
D) Out of pocket expenses	2.01	1.81

8. As per Accounting Standard (AS) –15 “Employee Benefits”, the disclosures of employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan recognised as expense for the year are as under:

	2010-11	2009-10
Employer's contribution to Provident Fund	104.00	82.62
Employer's contribution to Superannuation Fund	11.55	11.44
Employer's contribution to Pension Scheme	105.49	84.84

Defined Benefit Plan

The employees' Gratuity Fund Scheme managed by a trust is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of Employee Benefit entitlement and measures each unit separately to build up the final obligation.

	(Rs. in lac)	
	2010-11	2009-10
i) Reconciliation of opening and closing balances of Defined Benefit Obligation		
Defined Benefit Obligation at beginning of the year	178.00	157.17
Current service cost	60.45	34.94
Interest cost	14.14	12.84
Actuarial (Gain/Loss)	110.68	(14.76)
Benefits Paid	(23.31)	(12.19)
Defined benefit Obligation at year end	339.95	178.00
ii) Reconciliation of opening and closing balances of Fair Value of Plan Asset		
Fair value of plan assets at beginning of the year	159.48	129.34
Expected return on plan assets	13.07	10.41
Actuarial (Gain/Loss)	0.90	0.74
Employer contribution	7.72	18.99
Benefits paid	—	—
Fair value of plan assets at the year end	181.17	159.48
	As at 31st March	
	2011	2010
iii) Reconciliation of Fair Value of Assets and Obligations		
Fair Value of plan Assets at end	181.17	159.48
Present Value of Obligation	339.96	178.00
Amount recognised in Balance Sheet	158.78	18.52
iv) Amount recognised in the Statement of Profit and Loss		
Current Service Cost	60.45	34.94
Interest cost	14.14	12.84
Expected return on plan assets	(13.07)	(10.41)
Actuarial (Gain)/Loss recognised in the IVP	109.78	(15.50)
Expenses recognised in the Statement of Profit and Loss Account	171.30	21.87

v) The principal assumptions used in determining Gratuity for the Company's Plans are shown below:-

	2010-11	2009-10
Discount rate	8.50%	8.50%
Expected rate of return on assets	8.00%	7.50%
Mortality rate	LIC 1994-96	LIC 1994-96
Salary rise	8.00%	4.50%

vi) Amounts for the Current and Previous year in respect of Gratuity are as follows :-

Defined Benefit Obligation	178.00	157.16
Plan Assets	181.16	1.59
Surplus/ (deficit)	(68.11)	10.09
Experience adjustment on Plan Assets	15.44	(3.97)
Experience adjustment on Plan Liabilities	(96.14)	10.05

Disclosures as required under para 120 (n) in respect of two annual periods as required by AS-15 is not presented as the management considers it impracticable in absence of requisite information.

9. Related Party Disclosure :

Details of disclosures as required by Accounting Standard AS - 18 on "Related Party Disclosures are as under"

(Rs. In lac)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which KMP is able to Exercise Significant Influence		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Loan raised	185.00	—	24.00	—	180.00	—	389.00	—
Loan repaid	185.00	—	20.00	—	175.00	—	380.00	—
Rent paid	24.36	4.06	—	—	—	—	24.36	4.06
Interest paid	7.35	—	0.42	—	7.84	—	15.61	—
Purchase of Equity	—	—	—	1.00	—	—	—	1.00
Equity Shares issued	—	—	—	—	669.83	99.83	669.83	99.83
Remuneration	—	—	4.60	3.74	—	—	4.60	3.74
Deposit in FDR	3.00	—	—	—	—	—	3.00	—
Managerial Remuneration	71.08	50.16	—	—	—	—	71.08	50.16
Outstanding balances at year end								
Deposit in FDR	3.00	—	—	—	—	—	3.00	—
Loan payable	—	—	4.00	—	5.00	—	9.00	—

Note :

1. Subsidiary

2010-11

Oswal F.M. Hämmerle Textiles Ltd.
FMH Verwaltungs GmbH, Austria
Oswal Industrial Enterprise (P) Ltd.

2. Key Management Personnel

Mr. Ashok Oswal
Mr. Adish Oswal

3. Relatives of Key Management Personnel

Mr. Abhinav Oswal
Mrs Rakhi Oswal

4. Enterprises over which Key Management Personnel (KMP) is able to exercise Significant Influence

Panchsheel Textile Mfg. & Trading Co. (P) Ltd.
Enakshi Investments (P) Ltd.
Liberty Mercantile Co. (P) Ltd.
Allepy Investment & Trading Co. (P) Ltd.
Kent Investments (P) Ltd
Ruby Mercantile Company (P) Ltd
Boras Investment & Trading Co. (P) Ltd.
Gagan Mercantile Company (P) Ltd
Pioneer Mercantile India (P) Ltd
Adesh Investment & Trading Co. (P) Ltd.
Calgary Investment & Trading Co. (P) Ltd.
Oswal Infratech Pvt Ltd
Oswal Tradecom Pvt Ltd
Oswal Holding Pvt Ltd
Nightnagle Dealcom Pvt Ltd
Alma Assets Consultancy (P) Ltd

2009-10

Oswal FM Hämmerle Textiles Ltd.
FMH Verwaltungs GmbH, Austria
Oswal Retail (P) Ltd.

Mr. Ashok Oswal
Mr. Adish Oswal
Mr. Abhinav Oswal

Mrs. Rakhi Oswal
Panchsheel Textile Mfg. & Trading Co. (P) Ltd.

Enakshi Investments (P) Ltd.
Liberty Mercantile Co. (P) Ltd.
Allepy Investment & Trading Co. (P) Ltd.
Kent Investments (P) Ltd
Ruby Mercantile Company (P) Ltd
Boras Investment & Trading Co. (P) Ltd.
Gagan Mercantile Company (P) Ltd
Pioneer Mercantile India (P) Ltd
Adesh Investment & Trading Co. (P) Ltd.
Calgary Investment & Trading Co. (P) Ltd.
Oswal Infratech Pvt Ltd
Oswal Tradecom Pvt Ltd
Oswal Holding Pvt Ltd
Nightnagle Dealcom Pvt Ltd

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10. Corporate Debt Restructuring

During the year one of the Subsidiary Company Oswal F.M. Hämmerle Textile Limited had gone for Debt Restructuring Scheme.

- (i) The Debt Restructuring Scheme (The 'Scheme') under CDR mechanism has been approved and letter of approval issued on 9th February, 2011. The Scheme inter-alia includes restructuring of re-payment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of, promoters stipulated. Master Restructuring Agreement ("MRA") has been executed on 18th March, 2011 with the lenders. The impact in terms of the approved scheme has been given in final Balance Sheet.
- (ii) Interest has been accounted for based upon terms of package/confirmations so far received from the Banks. Balance of secured loan (including FITL) is subject to confirmation and/or reconciliation.
- (iii) The funded interest term loan (FITL) has been created on certain credit facilities w.e.f. 1st February, 2010 as per the CDR scheme approved by the CDR EG on 23rd December, 2010, respective letter of approval dated 9th February, 2011.
- (iv) The credit facilities/loans under CDR will be further secured by unconditional and irrevocable personal guarantee of CMD Mr. Ashok Oswal & Director Mr. Adish Oswal and Corporate Guarantee of M/s Vardhman Polytex Limited (as stated in MRA).
- (v) CDR empowered group have also stipulated that promoters shall arrange to bring funds and also pledge 25% of its holding in the company.
- (vi) Certain covenants/conditions as stipulated in the CDR package are in the process of compliance.

11 A. Derivative Contracts entered into by the Company and outstanding as on 31st March, 2011 for hedging currency risks

Nature	USD	Rs. in lac	JPY	Rs. in lac
Forward Cover				
Account Receivables	1,52,50,000.00	7,081.50	—	—
Previous Year	(1,17,50,000.00)	(5,466.39)	—	—
Account Payable	—	—	—	—
Previous Year	—	—	—	—
Options	—	—	14,69,72,369.20	500.00
Previous Year	—	—	(14,69,72,369.20)	(500.00)

B. Foreign Currency exposures that are not hedged by derivative instruments or otherwise

Nature	USD	Rs. in lac	JPY	Rs. in lac
Account Receivables	9,27,662.34	413.55	—	—
Previous Year	(10,59,711.91)	(476.02)	—	—
Account Payable	—	—	—	—
Previous Year	(1,23,665.00)	(55.55)	—	—
Loans	1,20,00,000.00	5,349.60	—	—
Previous Year	(1,20,00,000.00)	(5,390.40)	—	—

12. There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets" as it is not probable that an outflow of resources embodying economic benefit will be required.
13. The Company has not recognised any loss on impairment in respect of assets of the Company as is required in terms of Accounting Standard 28 on "Impairment of Assets" since in the opinion of the Management, there is no reduction in value of any asset.

14. Earnings Per Share :-

The calculation of Earnings Per Share (EPS) has been made in accordance with Accounting Standard (AS) - 20 on "Earnings Per Share"

		Current Year	Previous Year
Profit after tax (Rs. in lac)	(A)	1,625.00	4,756.81
Weighted average number of equity shares outstanding during the year of Rs. 10/- each	(B)	1,33,39,193	1,10,23,557
Earning Per Share : Basic (in Rs.)	(A/B)	12.18	(43.14)
: Diluted (in Rs.)	(A/B)	12.18	(43.14)

Note -

The conversion price of 2% Foreign Currency Convertible Bonds & Preferential Warrants in the previous year are higher than the fair value of Equity Share as at the closing of the year and accordingly anti-dilutive. Therefore, the same has not been considered for computing the diluted Earnings Per Share.

15. During the year ended 31st March, 2011, the Paid up Capital of the Company has been increased by issuing of 36,17,000 Equity Shares on the preferential basis pursuant to SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009 in the following tranches:-

- A) On 21.09.2010, the Company has allotted 6,60,000 Equity Shares of Rs.10/- each at a premium of Rs. 50.60/- per share and 6,60,000 Equity Shares of Rs.10/- each at a premium of Rs. 46/- per share to the promoter group companies on the conversion of equivalent number of convertible warrants.
- B) On 29.03.2011, the Company has allotted 4,97,000 Equity Shares of Rs.10/- each at a premium of Rs. 29.53/- per share and 18,00,000 Equity Shares of Rs.10/- each at a premium of Rs. 58/- per share to the financial investors belonging to non promoter group on the conversion of equivalent number of convertible warrants.

The proceeds of these preferential issues have been used for the purpose of meeting the long term working capital requirements and future expansion projects of the company.

16. Movement of Deferred Tax Liability (Net) is as follows :-

(Rs. in lac)

	Balance as on 01.04.2009	Charge/(Credit) during the year	Balance as on 01.04.2010	Charge/(Credit) during the year	Balance as on 31.03.2011
Timing difference on account of Depreciation	1,071.12	1,473.54	2,586.46	900.00	3,486.46
Less : -					
Deferred Tax Asset arising on account of amalgamation of Amkryon International (P) Ltd	-	(2,406.21)	41.80	-	41.80
Deferred Tax Assets on account of Section 43B of Income Tax Act & Unabsorbed Depreciation	-	-	2,406.21	-	2,406.21
TOTAL	1,071.12	932.67	138.45	900.00	1,038.45

17. The Company is paying rentals for office premises taken on rent which are not in the nature of lease agreements. Therefore, disclosure requirement of Accounting Standards (AS) – 19 'Leases' are not applicable.

18. Figures for the previous year have been rearranged and/or regrouped wherever considered necessary to facilitate comparison.

19. Figures in bracket indicate deductions.

As per our report of even date attached

For S.S. KOTHARI MEHTA & CO.

Chartered Accountants

Sd/-
(Arun K. Tulsian)
Partner
M. No. 89907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 14th May, 2011

Consolidated Results of Vardhmān Polytex Limited

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

Name of Subsidiary Company(s)	Financial year ending of the subsidiary	Number of Shares held & Face Value	Extent of Holding	For Financial Year of the Subsidiary		For the Previous Financial Years since it became a Subsidiary	
				Profit /(Loss) so far it concerns the Members of the Holding Company and not dealt within the books of accounts of the Holding Company (Except to the extent dealt with in Col.6)	Profit /(Loss) so far it concerns the Members of the Holding Company and dealt within the books of accounts of the Holding Company	Profit /(Loss) so far it concerns the Members of the Holding Company and not dealt within the books of accounts of the Holding Company (Except to the extent dealt with in Col.8)	Profit /(Loss) so far it concerns the Members of the Holding Company and dealt within the books of accounts of the Company
(1)	(2)	(3)	(4)	(5) (Rs. in lac)	(6) (Rs. in lac)	(7) (Rs. in lac)	(8) (Rs. in lac)
OSWAL F. M. HÄMMERLE TEXTILES LIMITED, INDIA	31.03.2011	8,59,84,073 Equity Share of Rs. 10/- each	81.89%	NIL	(1,004.96)	NIL	(2,200.89)
OSWAL INDUSTRIAL ENTERPRISE PRIVATE LIMITED, INDIA (Formerly: Oswal Retail (P) Ltd.)	31.03.2011	4,50,99,999 Equity Share of Rs. 10/- each	100%	NIL	(5.81)	NA	NA
F.M. HÄMMERLE VERWALTUNGS GmbH, AUSTRIA	31.03.2011	Equity of Euro 35,000 (INR 22.54 Lac)	100%	NIL	(34.23)	NIL	(122.44)

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

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

(Rs. In lac)

Particulars	Oswal F.M Hämmerle Textiles Limited		Oswal Industrial Enterprise Private Limited		F.M. Hämmerle Verwaltungs GmbH, Austria	
	Current Year	Previous Year	Current Yea	Previous Year	Current Year	Previous Year
(a) Capital	10,500.00	10,500.00	5,005.00	10.00	22.54	23.61
(b) Reserves	—	—	—	—	(166.15)	(143.22)
(c) Total Assets	29,000.65	26,658.61	5,005.00	5,005.00	212.96	156.29
(d) Total Liabilities	29,000.65	26,658.61	5,005.00	5,005.00	212.96	156.29
(e) Details of Investment (Except in case of Investment in the Subsidiaries)	6.00	3.00	—	—	—	—
(f) Turnover (Net)	8,643.32	5,053.50	149.01	—	148.30	84.30
(g) Profit before Taxation	(1,227.21)	(2,687.63)	(5.81)	(194.65)	(33.18)	(236.01)
(h) Provision for Taxation	—	—	—	—	(1.05)	(0.95)
(i) Profit after Taxation	(1,227.21)	(2,687.63)	(5.81)	(194.65)	(34.24)	(236.96)
(j) Proposed Dividend (including tax thereon)	—	—	—	—	—	—

Note: In terms of the provision of Section 212 (8) of the Companies Act, 1956 read with General Circular No. 2/2011 dated 08/02/2011, the Company has been granted a general exemption from attaching to the Balance Sheet of the Company, the Accounts and other documents of its Subsidiary Companies. However, the Consolidated Financial Statements of the Company, which include the results of aforesaid Subsidiaries, are include in this Annual Report. Further, a statement containing the particulars prescribed under the terms of the said exemption for the Company's aforesaid Subsidiaries is also given above. The hard copies of the related detailed information can be sought by any investor of the Company or its Subsidiary on making a written request to the Company in this regard. The Annual Accounts of the aforesaid Subsidiary Companies are also available for inspection to any investor at the Registered Office of the Company and/or its Subsidiaries.

For and on behalf of the Board

Place : Ludhiana
Date : 14th May, 2011

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Oswal
Chairman &
Managing Director

Financial Highlights for Five Years

(Rs. in lac)

Parameters	2010-11	2009-10	2008-09	2007-08	2006-07
Gross Sales and operating income	71,644.40	52,778.99	42,830.78	37,587.47	38,779.38
FOB Value of Exports	21,276.44	15,070.89	10,269.95	9,210.72	10,319.11
Net Profit	2,669.96	(2,238.82)	(772.15)	305.24	1,403.70
Profit before Tax (PBT)	3,585.21	(3,069.49)	(754.43)	134.81	2,122.95
Cash Profit (PBT+Dep.- Exceptional Items)	6,316.97	3,335.15	(560.06)	2,525.30	4,541.01
Gross Block (FA+CWIP)	47,244.73	44,413.90	44,659.29	43,272.51	35,085.26
Net Block (NA+CWIP)	26,452.94	26,302.16	29,158.57	27,460.43	21,618.00
Paid up share capital	1,627.75	1,266.05	1070.75	1,065.75	1,065.75
Net Worth	17,603.44	13,180.57	14,972.82	15,839.84	16,715.49
Capital Employed	66,821.20	57,258.66	64,115.06	61,843.08	42,827.33
Long Term Debt Equity Ratio	1.63	1.76	1.17	0.95	0.65
Current Ratio	1.31	1.12	1.02	1.07	1.33

*Includes deferred tax liability.

Equity Shares Data for Five Years	2010-11	2009-10	2008-09	2007-08	2006-07
Book Value Per Share (Rs.)	108.38	105.20	151.03	159.37	167.63
Earning Per Share (Rs.)					
Basic	20.02	(20.31)	(7.27)	2.87	13.22
Diluted	20.02	(20.31)	(7.27)	2.87	13.22
Cash	47.36	26.34	(5.27)	23.77	42.75
Dividend Per Share (Rs.)	—	—	—	2.00	4.20
P/E Ratio	3.25	1.85	(6.15)	34.02	7.39
Price to Cash Earning ratio	1.37	(25.77)	1.65	4.11	2.29
Price to Book Value Per Share	0.60	0.46	0.21	0.61	0.58

VARDHMAN POLYTEX LIMITED

REGD. OFFICE: 341K-1, MUNDIAN KHURD, P.O. SAHABANA, CHANDIGARH ROAD, LUDHIANA - 141 123

PROXY FORM



I/We.....
of.....
in the Districtbeing a Member/Members
of Vardhman Polytex Limited, hereby appoint.....
of.....in the
Districtfailing him/her
.....of.....
.....in the District of

as my/our proxy to vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held at Registered Office of the Company situated at 341K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana, at 11.00 a.m., on Monday, the 29th day of August, 2011 and at any adjournment thereof.

Signed this.....day of.....2011.



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

- NOTES :
1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself.
 2. The Proxy form duly signed across Revenue Stamp should reach the Company's Registered Office at least 48 hours before the time of meeting.

(TEAR HERE)

VARDHMAN POLYTEX LIMITED

REGD. OFFICE: 341K-1, MUNDIAN KHURD, P.O. SAHABANA, CHANDIGARH ROAD, LUDHIANA - 141 123

SUGGESTIONS

In case you have any suggestion for the betterment of your Company, please do write to us.

Suggestion.....
.....
.....
Name.....Folio No./Client-Id

Address.....
.....Pin Code

--	--	--	--	--	--

(TEAR HERE)

VARDHMAN POLYTEX LIMITED

REGD. OFFICE: 341K-1, MUNDIAN KHURD, P.O. SAHABANA, CHANDIGARH ROAD, LUDHIANA - 141 123

ATTENDANCE SLIP

I hereby record my presence at the 31st Annual General Meeting of the above named Company being held at Registered Office of the Company situated at 341K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana, at 11.00 a.m., on Monday, the 29th day of August, 2011.

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

NOTE: Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.





A view of our under construction Spinning Project at Nalagarh (H.P.)



Machine Installation view at Nalagarh (H.P.)

Book Post



if undelivered, please return to:

Vardhman Polytex Limited

Regd. Office: 341K-1, Mundian Khurd,
P.O. Sahabana, Chandigarh Road,
Ludhiana-141123

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