

52nd Annual Report
2015-16



Vardhmān

Vardhmān Holdings Limited

BOARD OF DIRECTORS

Mr. Shri Paul Oswal	<i>Chairman</i>
Mrs. Shakun Oswal	<i>Director</i>
Mr. Sachit Jain	<i>Director</i>
Mrs. Suchita Jain	<i>Director</i>
Mr. Chaman Lal Jain	<i>Director</i>
Mr. Jagdish Rai Singal	<i>Independent Director</i>
Mr. Sat Pal Kanwar	<i>Independent Director</i>
Mrs. Apinder Sodhi	<i>Independent Director</i>
Mr. Om Parkash Sharma	<i>Independent Director</i>
Mr. Surinder Singh Bagai	<i>Independent Director</i>

CHIEF FINANCIAL OFFICER

Ms. Poorva Bhatia

COMPANY SECRETARY

Mr. Amrender Kumar Yadav

AUDITORS

M/s. R. Dewan & Company, Ludhiana

REGISTRAR AND TRANSFER AGENT

M/s. Alankit Assignments Limited
New Delhi

REGISTERED & CORPORATE OFFICE

Vardhman Premises, Chandigarh Road,
Ludhiana-141 010

Phones: (0161) 2228943 - 48

Fax: (0161) 220766

E-mail: secretarial.lud@vardhman.com

Website: www.vardhman.com

CIN : L17111PB1962PLC002463

PAN : AABCV8088P

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NOTICE

NOTICE is hereby given that the Fifty Second Annual General Meeting of the Members of the Company will be held on Monday, the 5th day of September, 2016 at 3.00 p.m. at Regd. Office, Vardhman Premises, Chandigarh Road, Ludhiana - 141 010 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet as at 31st March, 2016 and statement of Profit & Loss Account for the year ended on that date together with the Auditors' Report thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. S.P. Oswal (DIN 00121737), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of Statutory Auditors of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:-
5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Company has transferred the unpaid or unclaimed dividends declared up to Financial Year 2007-08, from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 4th September, 2015 (date of last Annual General Meeting) on the website of the Company (www.vardhman.com), as also on the website of the Ministry of Corporate Affairs.

"RESOLVED THAT pursuant to the provisions of Section 139(1) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the appointment of M/s. R. Dewan & Co, Chartered Accountants, (Registration No. 017883N) as Statutory Auditors of the Company, be and is hereby ratified for the Financial Year 2016-2017."

BY ORDER OF THE BOARD

PLACE: Ludhiana **Sd/-**
DATE: May 20, 2016 **(Amrender Kumar Yadav)**
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.**

However, a person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
2. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Amendment Rules 2015, and Regulation 44 of the SEBI (Listing Obligations And Disclosures Requirements) Regulations 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for voting, through ballot paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
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7. Subject to the provisions of Section 126 of the Companies Act, 2013 (corresponding to Section 206A of the Companies Act, 1956), dividend as recommended by the Board of Directors, if declared at the meeting, will be dispatched/remitted commencing on or from 8th September, 2016.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Alankit Assignments Limited.
9. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 13th August, 2016 to 5th September, 2016 (both days inclusive).**
10. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However members, holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
11. The information pursuant to Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 regarding the Directors seeking appointment/re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

12. Members desiring any information, as regards 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.
13. 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.
14. 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 Transfer Agent.
15. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their members electronically. In support of the Green Initiative, your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance sheet, Statement of Profit & Loss and Director's Report etc and other communications in electronic form. The members are requested to support this Green Initiative by registering/ updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialized form) or with Registrar and Transfer Agent, Alankit Assignments Limited, New Delhi (in case of shares held in physical form).
16. The Result of the resolutions passed at the AGM of the Company will be declared within 48 working hours of conclusion of AGM. The results declared alongwith the Scrutinizer's report shall be placed on the Company's website www.vardhman.com and on the website of CDSL and will be communicated to the stock exchanges.
17. The Annual Report 2015-16 is being sent through electronic mode only to the members whose email addresses are registered with the Company/Depository Participant(s), unless any members who have not registered their email addresses, physical copies of the Annual Report 2015-16 are being sent by permitted mode.
18. **M/s. Harsh Goyal & Associates**, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner (including the ballot forms received from members who do not have access to the e-voting process). The Scrutinizer shall within a period of three working days from the conclusion of e-voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 2nd September, 2016 (9.00 am) and ends on 4th September, 2016 (5.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 29th August, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" tab.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.

- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN **160725025 <VARDHMAN HOLDINGS LIMITED>** on which you choose to vote.
- (xiii) On the voting page, you will see "**RESOLUTION DESCRIPTION**" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "**RESOLUTIONS FILE LINK**" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "**SUBMIT**". A confirmation box will be displayed. If you wish to confirm your vote, click on "**OK**", else to change your vote, click on "**CANCEL**" and accordingly modify your vote.
- (xvi) Once you "**CONFIRM**" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.**

INFORMATION PURSUANT TO THE CORPORATE GOVERNANCE UNDER THE SEBI (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS 2015, REGARDING DIRECTOR SEEKING RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING.

Name of the Director	S.P. Oswal
Date of Birth	08.04.1942
Date of Appointment	12.04.1971
Expertise in specific functional area	Mr. S.P. Oswal is having business experience of more than 49 years in Textiles Industry.
Qualification	M. Com (Gold Medalist)
Directorships of other Companies	<ol style="list-style-type: none"> 1. VMT Spinning Company Limited 2. Vardhman Acrylics Limited 3. Vardhman Yarns and Threads Limited 4. Srestha Holdings Private Limited 5. Santon Finance & Investment Company Limited 6. Flamingo Finance & Investment Company Limited 7. Ramaniya Finance & Investment Company Limited 8. Vardhman Textiles Limited 9. Nimbua Greenfield (Punjab) Limited 10. Devakar Investment and Trading Company Pvt. Limited 11. Syracuse Investment and Trading Company Pvt. Limited 12. Marshall Investment and Trading Company Pvt. Limited 13. Pradeep Mercantile Company Pvt. Limited 14. Plaza Trading Company Pvt. Limited 15. Anklesh Investments Pvt. Limited 16. Mahavir Spinning Mills Private Limited
Chairman/Member of Committees of other Companies	<p>Nomination and Remuneration Committee</p> <ul style="list-style-type: none"> ➤ Vardhman Textiles Limited ➤ Vardhman Acrylics Limited
No. of Shares Held	56,880 (equity shares)
Relationship with other Directors	Mrs. Shakun Oswal is the wife and Ms. Suchita Jain is daughter of Mr. S.P Oswal. Mr. Sachit Jain is son-in-law of Mr. S.P. Oswal.

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 52nd Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2016.

1. FINANCIAL RESULTS:

The Financial results for the year 2015-16 are as under:-

	(Amount in `)	
PARTICULARS	2015-16	2014-15
Revenue from Operations	518,394,668	303,277,001
Other Income	12,515,781	21,908,588
Profit before Depreciation, Interest and Tax (PBDIT)	495,041,673	311,746,552
Interest and Financial Expenses	-	-
Profit before Depreciation & Tax (PBDT)	495,041,673	311,746,552
Depreciation	406,328	413,636
Profit before Tax (PBT)	494,635,345	311,332,916
Provision for		
- Current Tax	25,200,000	18,740,000
- Deferred Tax	(7,161,805)	43,590
- MAT Credit Entitlement	(5,100,000)	(10,430,000)
- Tax adjustment for earlier years	-	-
Profit after Tax (PAT)	481,697,150	302,979,326
Balance Brought Forward	946,017,048	715,161,495
Profit available for Appropriations	1,427,714,198	1,018,140,821
Appropriations:		
Proposed Dividend on Equity Shares	9,574,608	9,574,608
Corporate Dividend Tax on Proposed Dividend	1,949,165	1,949,165
Transfer to General Reserve	-	-
Transfer to Statutory Reserve	96,400,000	60,600,000
Balance carried to Balance Sheet	1,319,790,425	946,017,048
Earnings per Share (`)	150.93	94.93
Dividend per Share (`)	3.00	3.00

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A. FINANCIAL ANALYSIS:

During the year, the Revenue from operations was ` 518,394,668 as against ` 303,277,001 in the previous year. The Company earned other income of ` 12,515,781 during the year as against ` 21,908,588 during last year. The Company earned profit before depreciation, interest and tax of ` 495,041,673 as against ` 311,746,552 in the previous year. After providing for depreciation of ` 406,328 (Previous Year ` 413,636), current tax of ` 25,200,000 (Previous Year

` 18,740,000), the profit after tax was ` 481,697,150 as against ` 302,979,326 last year.

The balance available for appropriation after adding balance in surplus account is ` 1,427,714,198. Out of this, a sum of ` 9,574,608 and ` 1,949,165 have been appropriated towards proposed dividend and corporate dividend tax thereon respectively, ` 96,400,000 is proposed to be transferred to Special reserve and the balance of ` 1,319,790,425 is proposed to be carried as surplus to the balance sheet.

B. RESOURCE UTILISATION:

FIXED ASSETS:

The fixed assets as at 31st March, 2016 were ` 9,756,302 as against previous year's fixed assets of ` 10,162,630.

CURRENT ASSETS:

The net current assets as on 31st March, 2016 were ` 1,917,026,803 as against ` 1,541,472,260 in the previous year.

C. FINANCIAL CONDITIONS AND LIQUIDITY:

Management believes that the Company's liquidity and capital resources are sufficient to meet its expected working capital needs and other anticipated cash requirements. The position of liquidity and capital resources of the Company is given below: -

	(Amount in `)	
	2015-16	2014-15
Cash and Cash Equivalents:		
Beginning of the Year	5,423,636	4,046,473
End of the Year	6,237,869	5,423,636
Net Cash provided/ (used) by:		
Operating Activities	37,62,57,971	221,866,458
Investing Activities	(364,046,443)	(209,295,938)
Financing Activities	(11,397,295)	(11,193,357)

D. BUSINESS OUTLOOK:

Vardhman Holdings Limited primarily earns its income from investments. The Company's strategy is to adopt a systematic approach of investment into different asset classes namely debt, equity & real estate and to keep the portfolio dynamic as per the changing market conditions. Company's current portfolio consists of investments into debt, equity, real estate. The investment is made in accordance with the asset allocation model fixed by the Board.

E. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor the working of internal control system. Internal audit in the organization is an independent appraisal activity and all significant issues are brought to the attention of the Audit Committee of the Board.

F. INTERNAL FINANCIAL CONTROL:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

G. MANAGEMENT PERCEPTION OF RISK AND CONCERNS:

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner. The Company is a NBFC Company registered under RBI and mainly engaged in investment business. It follows a strategy of adopting a systematic approach to investment into different asset classes and keeping the portfolio dynamic as per the changing market conditions. The aim is a well diversified portfolio to mitigate the market risk.

The Company is prone to all the financial risks and capital market fluctuations.

H. HUMAN RESOURCES/INDUSTRIAL RELATIONS:

The Company is not carrying on any manufacturing activity and no workers were employed during the year.

3. PUBLIC DEPOSITS:

The Company has not accepted and does not intend to accept any deposits from the public. As at 31st March, 2016, there are no outstanding/unclaimed deposits from the public.

4. DIVIDEND:

The Board of Directors of your Company is pleased to recommend a dividend of ₹ 3.00 per share on the fully paid-up equity shares of the Company.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

In accordance with provisions of the Articles of Association of the Company, Mr. S.P. Oswal, Director of your Company, retires by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommended his appointment for consideration of the members at the forthcoming Annual General Meeting.

Pursuant to provisions of Section 203 of the Companies Act, 2013, the following KMPs were appointed/designated/changed during the year.

Whole Time Key Managerial Personnel of the Company	Designation	Date of Appointment/ Designated by Board	Date of cessation
Mrs. Shakun Oswal	Whole-Time Director (WTD)	12 th February 2015	–
Ms. Tanu Berry	Company Secretary (CS)	12 th February 2015	4 th December 2015
Ms. Poorva Bhatia	Chief Financial Officer (CFO)	12 th February 2015	–
Mr. Amrender Kumar Yadav	Company Secretary (CS)	10 th February 2016	–

Familiarisation programmes for Board Members:

The familiarisation programme may be accessed on the Company's website at https://www.vardhman.com/user_files/investor/VHL_Familiarisation%20program.pdf.

6. INDEPENDENT DIRECTORS:

Mr. Surinder Singh Bagai, Mr. Jagdish Rai Singal, Mr. Sat Pal Kanwar, Mr. Om Parkash Sharma & Mrs. Apinder Sodhi, being Independent Directors of the Company, have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 read with the relevant rules.

7. AUDITORS:

a. Statutory Auditors:

M/s. R. Dewan & Co., the Statutory Auditors of the Company has been appointed by the Shareholders of the Company for five consecutive years i.e. from conclusion of 50th Annual General Meeting to the conclusion of 55th Annual General Meeting, whose second year will be completed in the ensuing Annual General Meeting. Pursuant to provisions of Section 139 (1) of the Companies Act, 2013, this appointment shall be ratified by the Shareholders at every Annual General Meeting during their tenure. Therefore, it is recommended to the shareholders to ratify the appointment of M/s. R. Dewan & Co., the Statutory Auditors in their forthcoming Annual General Meeting.

b. Secretarial Auditor:

M/s. Khanna Ashwani & Associates, Practicing Company Secretaries was appointed as Secretarial Auditor & their report on Secretarial Audit in Form No. MR 3 under Section 204 of the Companies Act, 2013 for the Financial Year 2015-16 is attached as **Annexure 1** & shall form part of the Board Report.

c. Internal Auditor:

Pursuant to provisions of Section 138 of the Companies Act, 2013, Mr. Varun Mahajan, internal auditor, has conducted internal audit of the functions and activities of the Company and maintained internal control systems of the Company during FY 2015-16.

8. AUDITORS' REPORT:

The Statutory & Secretarial Auditors' Reports are self-explanatory and requires no comments.

9. AUDIT COMMITTEE & VIGIL MECHANISM:

The Audit committee of the Board of Directors was constituted in conformity of provisions of the Companies Act, 2013 & the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The committee comprises of three directors i.e. Mr. Om Parkash Sharma, Mr. Sat Pal Kanwar and Mrs. Apinder Sodhi, Independent Directors. Mrs. Apinder Sodhi is the Chairperson of the said committee and Mr. Amrender Kumar Yadav is Secretary of the Committee. The Committee met Four (4) times during the year.

Vigil Mechanism and Whistle Blower:

Pursuant to provisions of section 177(9) of the Companies Act, 2013, the Company has established a "Vigil Mechanism" incorporating Whistle Blower Policy in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for employees and directors of the Company, for expressing the genuine concerns of unethical behaviour, frauds or violation of the codes of conduct by way of direct access to the Chairman/Chairman of the Audit Committee in exceptional cases. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

The policy on "Vigil Mechanism and Whistle Blower" may be accessed on the Company's website at https://www.vardhman.com/user_files/investor/5a743d3b9b143130ad8cc8ffbb5845a504d81a531436265717.pdf

10. BOARD MEETINGS:

During the Financial Year 2015-16, the Board met Four (4) times i.e. on 23.05.2015, 12.08.2015, 14.11.2015 and 10.02.2016.

11. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (5) of the Companies Act, 2013, 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 at the end of the Financial Year and of the profit or loss of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safe guarding 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.
- Laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.
- Devised proper systems to ensure compliance with the provisions of all applicable laws and those systems were adequate and operating effectively.

12. CORPORATE GOVERNANCE:

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance norms as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, is annexed to the report on Corporate Governance.

13. PERSONNEL & RELATED INFORMATION:

None of the employees has received salary of ` 60.00 lac per annum or ` 5.00 lac per month or more during the Financial Year 2015-2016. Accordingly, no particulars of employees are to be given pursuant to the provisions of Section 197 of the Companies Act, 2013 read with respective rules.

Since the Company has no subsidiary or holding company, no particulars are required to be given pursuant to the provisions of Section 197 (14) of the Companies Act, 2013.

The particulars required under Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are attached in Annexure 2.

14. COMPANY POLICIES & STATUS OF DEVELOPMENT:

a. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

Your Company is committed to and fully aware of its Corporate Social Responsibility (CSR), the guidelines in respect of which were more clearly laid down in the recently overhauled Companies Act. The Company's vision is to pursue a corporate strategy that enables shareholder value enhancement in a mutually reinforcing and synergistic manner.

The identified core areas by the Company under CSR are as listed below.

- Promotion of Education
- Environment Protection and energy conservation
- Human capital development
- Rural development
- Other Initiatives:
 - ✓ To contribute to empowering women economically, supplementing primary and secondary education and participating in rural capacity building programmes and such other schemes.
 - ✓ To respond to emergency situations & disasters by providing timely help to affected victims and their families.
 - ✓ Any other project/programme pertaining to activities listed in Companies (Corporate Social Responsibility) Rules, 2014.

The CSR Policy approved by the Board may be accessed on the website of the Company at https://www.vardhman.com/user_files/investor/d2741c4bbc072fc76df0539a029aeab5b86073411436265583.pdf.

The Company has spent ` 10 lacs on CSR activities during FY 2015-16. We hope, in the coming year, many good proposals, specifically related to health, education and rural development, may be identified and considered by the Committee where the required amount may be spent fruitfully. The disclosure under

Section 134(3) of the Companies Act, 2013 read with Rule 9 of Companies (Accounts) Rules 2014 i.e. Annual Report on CSR activities for Financial Year 2015-16 is attached herewith in **Annexure 3**.

b. NOMINATION AND REMUNERATION POLICY:

The Nominations & Remuneration Committee was constituted by the Board on 09.08.2014, consisting of three directors viz. Mr. Sachit Jain, Mr. Sat Pal Kanwar and Mrs. Apinder Sodhi. Mrs. Apinder Sodhi is the Chairperson of said Committee. The Committee met twice during the year under review. The Company's approved Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, Independence of Directors and other related matters as provided under Section 178(3) & (4) of the Companies Act, 2013 is attached herewith in **Annexure 4**.

c. RISK MANAGEMENT POLICY:

The risk management includes identifying types of risks and its assessment, risk handling and monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company. The Risk Management Committee was re-constituted by the Board on 11.11.2014, comprising of Mr. Sachit Jain, Mr. Sat Pal Kanwar and Mrs. Apinder Sodhi. The Committee has formulated the Risk Management Policy which was subsequently approved by the Board of Directors.

The Risk Management Policy may be accessed on the website of the Company at https://www.vardhman.com/user_files/investor/ac90887bccb0c1ac34a16f592a1ecbb9c50c4d2e1436265676.pdf.

15. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The particulars of Loans, guarantees or investments made under Section 186 are forming part of the notes to financial statements (please refer Note No. 11 to 13 to the financial statement).

16. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All the contracts/arrangements/transactions entered by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. The particulars of Contracts or Arrangements made with related parties as specified in form AOC 2 are covered under Note No. 25 to the financial statement, which is set out for related party transactions.

The Related Party Transaction Policy may be accessed on the website of the Company at https://www.vardhman.com/user_files/investor/0f9092fa713917ea04091bdf2fa3b2f2ee3272721436265640.pdf.

17. EXTRACT OF ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 134 (3) (a) of the Companies Act 2013, is furnished in **Annexure 5** (Form MGT 9) and is attached to this Report.

18. ANNUAL PERFORMANCE EVALUATION:

The meeting of Independent Directors of the Company to evaluate the performance of Non-Independent Directors, Chairman & the Board as a whole for Calendar Year 2015 was held on 30th March 2015.

19. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

Particulars with respect to conservation of energy and other areas as per section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are NIL.

20. GENERAL DISCLOSURE:

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

1. Issue of equity shares with differential rights to dividend, voting or otherwise.
2. No material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which this financial statements relate and the date of this report.
3. No significant/material orders have been passed by any Regulator/Court/Tribunal which could impact the going concern status & future operations of the Company.
4. No change in nature of Business of the Company.

21. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government Authorities, Financial Institutions & Bankers for their continued and valuable co-operation and support to the Company.

Your Directors express their deep appreciation for the devoted and sincere efforts put in by the members of the team at all levels of operations in the Company during the year. The Company feels confident of continued cooperation and efforts from them in future also.

For and on Behalf of the Board

Date: 20th May, 2016
Place: Ludhiana

Sd/-
(S.P. Oswal)
Chairman

**INDEX OF ANNEXURES
(FORMING PART OF BOARD REPORT)**

Annexure No.	Particulars
1	Secretarial Audit Report for FY 2015-16.
2	Particulars under Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
3	CSR Activities – Annual Report for FY 2015-16.
4	Nomination & Remuneration Policy.
5	Extract of Annual Return – MGT 9.