



2nd Annual Report 2011-2012



VARDHMAN SPECIAL STEELS LIMITED

BOARD OF DIRECTORS

Mr. Prafull Anubhai – Chairman	Mr. Sanjeev Pahwa
Mr. Rajinder Kumar Jain	Mrs. Suchita Jain
Mrs. Ramni Nirula	Mr. B. K. Choudhary
Mr. Rajeev Gupta	Mr. Sachit Jain – Managing Director
Mr. Mukund Choudhary	

GENERAL MANAGER

Mr. Naresh Bansal

COMPANY SECRETARY

Ms. Tanu Berry

AUDITORS

M/s. S.S. Kothari Mehta & Co.,
Chartered Accountants,
Panchkula.

BANKERS

State Bank of India
HDFC Bank Limited
Bank of Baroda
Axis Bank Limited
Yes Bank Limited

- Plot No. 264,
Sector 24, N.I.T.,
Faridabad - 121 005.
- 422 & 423, 4th Floor,
B Wing, Jai Ganesh Vision, Akurdi,
Pune - 411 033.
- Gate No. 153, Pune-Nashik Highway,
Kuruli, Chimbli Phata, Chakan,
Pune - 411 033.
- D-8, Industrial Estate,
Opp. Tansi Building, Guindy,
Chennai - 600 032.
- Village - Fauzi Matkota, Tehsil - Kichha,
Distt. - Udham Singh Nagar,
Rudrapur - 263 153

REGISTERED OFFICE

Vardhman Premises, Chandigarh Road,
Ludhiana - 141 010.
Phones : (0161) 2228943 - 48
Fax : (0161) 6701435, 2601048, 2602710, 2222616
E-mail: secretarial.lud@vardhman.com
Web site: www.vardhmansteel.com

WORKS

Vardhman Special Steels Limited Unit-I,
C-58, Focal Point,
Ludhiana - 141 010.

REGISTRAR & TRANSFER AGENT

Alankit Assignments Limited,
2E/21, Alankit House, Jhandewalan Extn.,
New Delhi-110 055.
Phone: (011) 41540060-63,
Fax: (011) 41540064, E-mail: rta@alankit.com

BRANCHES

- New No. 1/55E, Old No. 1/73
Kamarjar, Salai, Nazaratpet, Poonamallee,
Chennai - 600 032.
- SPL - 1, Phase - I,
Industrial Area, Bhiwadi,
Distt.- Alwar - 301 019.
- Premises of Arisht Spinning Mills,
Sai Road, Baddi - 173 205
- Plot Nos. 400-401, Block - C, Pioneer Industrial Park,
Pathredi, Gurgaon - 123 413
- Survey No. 10/1, Bommasandra Village,
Attibale Hubli, Anekal Taluka, Bangalore-560 099
- Plot. No. B-10, Industrial Area-III,
Meerut Road, Ghaziabad - 201 003.

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NOTICE

NOTICE is hereby given that the SECOND ANNUAL GENERAL MEETING of Vardhman Special Steels Limited will be held on Saturday, the 1st day of September, 2012 at 10.00 a.m. at the Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, Statement of Profit and Loss for the year ended on that date, together with Report of Auditors' and Directors' thereon.
2. (a) To appoint a Director in place of Mr. Rajinder Kumar Jain, who retires by rotation in accordance with Article 108 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.

(b) To appoint a Director in place of Mrs. Ramni Nirula, who retires by rotation in accordance with Article 108 of the Articles of Association of the Company and being eligible, offers herself for re-appointment.
3. To appoint Auditors for the year 2012-13 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 pursuant to the provisions of Sections 198, 309(4) and other applicable provisions, if any, of the Companies Act, 1956, approval of the members of the Company be and is hereby given for the payment of remuneration by way of commission @ 0.5 % of the net profits of the Company subject to the maximum of ₹ 10 lacs per annum for a period of two years w.e.f 1st April, 2012 to 31st March, 2014 to Mr. Prafull Anubhai, Director of the Company who is neither in whole time employment of the Company nor the Managing Director, in addition to the sitting fees being paid to him for attending the Board/ Committee meetings of the Company."

BY ORDER OF THE BOARD

**PLACE : GURGAON
DATED : 21st APRIL, 2012**

**(TANU BERRY)
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. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the directors seeking appointment/re-appointment in the Annual General Meeting as proposed in Item No. 2 of the Notice is also being annexed hereto separately and forms part of the Notice.
3. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 20th August, 2012 to 1st September, 2012 (both days inclusive).**
4. 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.
5. 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.
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 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.
8. The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, taken a 'Green Initiative in Corporate Governance', by allowing paperless compliances through electronic mode, allowing to send documents such as Notice convening General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report, etc. and any other notice/ documents, henceforth in electronic form in lieu of the paper form.

In case you wish to support your Company's concern to prevent global environment degradation, you are requested to register your E-mail ID with your DP, if you hold the Company's shares in electronic form, under intimation to the Registrar & Transfer Agent through your registered E- mail ID. However, if you hold the shares in physical form, then you may register your E-mail ID with the Registrar & Transfer Agent of the Company by sending a letter under your Registered Signature.

BY ORDER OF THE BOARD

**PLACE : GURGAON
DATED : 21ST APRIL, 2012**

**(TANU BERRY)
COMPANY SECRETARY**

ANNEXURE TO THE NOTICE:

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

ITEM NO. 4 OF THE SPECIAL BUSINESS:

Considering the time devoted by Mr. Prafull Anubhai, Non- Executive Director of the Company and the valuable advice given by him from time to time, the Board of Directors in its meeting held on 21st April, 2012 considered it desirable that he may be paid remuneration by way of commission in addition to sitting fees being paid to him for attending meetings of the Board of Directors or its Committees.

The payment of remuneration by way of commission is subject to the approval of the members in accordance with section 309(4) of the Companies Act, 1956. Such approval would remain in force for a period of two years w.e.f 1st April, 2012 to 31st March, 2014. Accordingly, your approval is solicited.

MEMORANDUM OF INTEREST

Except Mr. Prafull Anubhai, none of the other Director is concerned or interested in this item of business.

Information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking appointment/re-appointment in the Annual General Meeting.

Name of the Director	Mr. Rajinder Kumar Jain	Mrs. Ramni Nirula
Date of Birth	07-02-1939	27-05-1952
Date of Appointment	15 th March, 2011	15 th March, 2011
Expertise in specific functional area	Mr. Rajinder Kumar Jain is an Engineer and has retired as a General Manager from Indian Railways.	Mrs. Ramni Nirula is a retired Banker.
Qualification	Chartered Mechanical Engineer, London	M.B.A.
Directorships of other Companies as on 31 st March, 2012	NIL	<ol style="list-style-type: none"> 1. Haldia Petrochemicals Limited 2. Usha Martin Limited 3. Jubilant Foodworks Limited 4. PI Industries Limited 5. McLeod Russel India Limited 6. Comm Trade Services Limited 7. Sona Koyo Steering Systems Limited 8. Avantha Power & Infrastructure Limited 9. Utkarsh Micro Finance Private Limited 10. Goldman Sachs Trustee Company (India) Private Limited 11. DRN Investments and Agriculture Private Limited 12. Tama Investments & Finance Private Limited 13. IKP Knowledge Park
Chairman/Member of Committees of other Companies as on 31 st March, 2012	NIL	<p>Audit Committee</p> <ol style="list-style-type: none"> 1. Utkarsh Microfinance Limited (Member) 2. Goldman Sachs Trustee Company (India) Private Limited (Member) 3. Avantha Power & Infrastructure Limited (Member) 4. Jubilant Foodworks Limited (Member) <p>Investors' Grievance Committee</p> <ol style="list-style-type: none"> 1. PI Industries Limited (Chairperson) 2. Jubilant Foodworks Limited (Chairperson)
No. of Shares held	NIL	NIL
Relationship with other Director(s)	Mr. Sachit Jain is the son and Mrs. Suchita Jain is the daughter -in-law of Mr. Rajinder Kumar Jain.	Not related to any other Director.

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 2nd Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended, 31st March, 2012. As you are aware, pursuant to the Scheme of Arrangement & Demerger between Vardhman Textiles Limited (VTXL) and Vardhman Special Steels Limited (VSSL) and their respective Shareholders & Creditors as approved by the Board of Directors and shareholders of respective Companies and sanctioned by the Hon'ble High Court of Punjab & Haryana at Chandigarh under section 391 -394 vide its order dated 12th January, 2011, the steel business undertaking of VTXL has been demerged and got vested in VSSL w.e.f. 1st January, 2011. Therefore, the figures given herein for the previous period include operational figures in respect of the said steel business undertaking for 3 months i.e 1st January, 2011 to 31st March, 2011.

1. FINANCIAL RESULTS:

The Financial Results for the Current year as well as Previous period are as under:-

	(₹ In Crore)	
PARTICULARS	2011-12	2010-11
Revenue from operations (Gross)	581.19	124.51
Profit before Depreciation, Interest and Tax (PBDIT)	52.21	12.72
Interest and Financial expenses	6.60	1.04
Profit before Depreciation and Tax (PBBDT)	45.61	11.68
Depreciation	4.06	0.95
Profit before Tax (PBT)	41.55	10.73
Provision for Tax - Current	15.66	3.86
- Deferred Tax	(0.01)	(0.09)
Profit after Tax (PAT)	25.90	6.96
Surplus carried to Balance Sheet	25.90	6.96
Earnings per share (₹)		
- Basic	14.15	11.95
- Diluted	14.15	11.95

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A) BUSINESS REVIEW:

Global Perspective

Globally, the Steel industry is witnessing revolutionary changes due to fierce competitive pressures on performance, productivity, price reduction and customer satisfaction. Trade in steel products of different grades and speciality has been on an upswing with the increase in production facilities coupled with technological innovations in both the developed and developing countries.

However, sagging prices in the backdrop of economic slowdown have spelt turmoil in the steel industry, the world over. The future is uncertain, but challenging and holds great promise if the right steps are taken because of the inherent qualities of steel.

Indian Outlook

India is among the top producers of all forms of steel in the world and is one of the fastest growing markets for steel. The Indian steel industry comprises of the producers of

finished steel, semi-finished steel, stainless steel and pig iron.

The total demand for steel in FY 2011-12 grew to 65.2 MT against 46.8 MT in FY 07. The demand expanded at a CAGR of 8.6 per cent over a period from FY 07-11. The future growth of Indian Steel industry will largely depend upon the Government measures of injecting funds in various industries such as construction, infrastructure, automobile and power to boost economic growth.

Company's Business Strategy

The Company has started the implementation of its Rolling Mill upgradation project with an investment of around ₹ 130 Crores. Almost all the equipments have been ordered and it is expected to be completed by March-April 2013. With this project, the Company will be able to increase production, improve quality, reduce costs and improve customer satisfaction by reducing changeover time as well as adding to the product range. To part finance this project, the Company has raised an External Commercial Borrowing (ECB) of USD 16.66 million. The Management has decided to leave this amount unhedged for the time being. The cost of ECB even after taking into account the depreciation of the rupee will be lower than a rupee term loan as long as the USD remains lower than ₹ 70 at the time of repayment of ECB.

The renewed focus on product development continues, along with increased efforts on training and HR practices. The Company follows a LVCQSA strategy - Low Volume Critical Quality Special Application which gives it an advantage of less competition from mass players and increased loyalty from customers seeking stringent quality.

Company's Future Outlook:

As the Country is witnessing the slow down in growth, the automobile industry has slowed down. This is having a serious impact on business sentiments for alloy steels also. As a result, this year the volume will be under stress as also margins. In addition, there will be plant shutdowns which has to be taken for the Project. This will have an impact even on margins. The Company hopes to recover its performance from the year 2013-14 onwards.

B) FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

• PRODUCTION AND SALES REVIEW:

During the year under review, the operating income of the Company is ₹ 581.19 Crores as compared to ₹ 124.51 Crores in the previous period. The Production of steel bars has increased from 24,154 MT to 96,780 MT. The exports for the year ended were ₹ 9.63 Crores as compared to ₹ 1.80 Crores in the previous period.

• PROFITABILITY:

The Company earned profit before depreciation, interest and tax of ₹ 52.21 Crores as against ₹ 12.72 Crores in the previous period. After providing for depreciation of ₹ 4.06 Crores (Previous period ₹ 0.95 Crore), interest of ₹ 6.60 Crores (Previous period ₹ 1.04 Crores), provision for current tax ₹ 15.66 Crores (Previous period ₹ 3.86 Crores), deferred tax (net of adjustments) ₹ (0.01) Crores (Previous period ₹ 0.09 Crore), the net profit from operations worked out to be ₹ 25.90 Crores as compared to ₹ 6.96 Crores in the previous period.

• **RESOURCES UTILISATION:**

a). **Fixed Assets:**

The gross fixed assets (including work-in-progress) as at 31st March, 2012 were ₹ 104.97 Crores as compared to ₹ 85.51 Crores in the previous period.

b). **Current Assets:**

Debtors outstanding for more than six months were ₹ 0.90 Crores as compared to ₹ 3.27 Crores in the previous period. The net current assets as on 31st March, 2012 were ₹ 137.66 Crores as compared to ₹ 113.46 Crores in the previous period. Inventory level was at ₹ 95.83 Crores as compared to ₹ 97.98 Crores in the previous period.

• **FINANCIAL CONDITIONS AND LIQUIDITY:**

Management believes that the Company's liquidity and capital resources should be 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:-

	(₹ in crore)	
	2011-12	2010-11
Cash and Cash equivalents:		
At the beginning of the year	5.29	-
Transferred from Transferor Company	-	4.38
End of the year	87.11	5.29
Net cash provided (used) by:		
Operating Activities	5.12	(7.73)
Investing Activities	(102.69)	(22.17)
Financial Activities	179.39	30.81

C) **INTERNAL CONTROL SYSTEM:**

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 it measures the efficiency, adequacy and effectiveness of other controls in the organization. All significant issues are brought to the attention of the Audit Committee of the Board.

D) **MANAGEMENT PERCEPTION OF RISK AND CONCERN:**

As stated earlier, the Company is going through an expansion phase by upgrading the Rolling Mill. This is going to happen at the existing site. The biggest risk the Company sees is that there could be larger than planned disruptions in the project which could hamper current operations. Also, the current slowdown could get much worse which may further affect volume. The rupee may continue its steep fall adding to the Company's costs as lot of scrap is being imported. Also, this would increase the cost of ECB.

To mitigate the above risks, the Company has appointed M/s Realization as Project Consultants who are one of the top consultants in the world in implementation of Project by using Critical Chain method propounded by Dr. Eliyahu M. Goldratt of 'Goal' fame. The Company has found their inputs quite useful while implementing the Rolling Mill Project.

E) **HUMAN RESOURCES /INDUSTRIAL RELATIONS:**

The Company continues to lay emphasis on building and sustaining an excellent organization climate based on human performance. Performance management is the key word for the Company. During the year, the Company employed over 800 employees.

Pursuit of proactive policies for industrial relations has resulted in a peaceful and harmonious situation on the shop floor at the plant of the Company.

3. **DIRECTORS:**

Mr. Rajinder Kumar Jain and Mrs. Ramni Nirula, Directors of the Company, retire by rotation at the conclusion of the forthcoming Annual General Meeting, pursuant to the provisions of Article 108 of the Articles of Association of the Company and being eligible, offer themselves for re-appointment. The Board recommended their re-appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

4. **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 as stipulated under Corporate Governance Clause of the Listing Agreement is annexed to the report on Corporate Governance.

5. **AUDITORS:**

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, Panchkula, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

6. **AUDITORS' REPORT:**

The Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2012. In their report, they have made an observation regarding non-compliance of Accounting Standard - 11 so far as re-instatement of liability in respect of ECB is concerned (Refer Note 25 to Financial Statements).

The Company had raised ECB of US\$ 16.66 million in December, 2011 and drawdown of the same happened at conversion rate of ₹ 52.48 per US\$. As on 31st December, 2011, the liability in respect of the said ECB was reinstated as the rupee had depreciated to a level of ₹ 53.10 per US\$ on that date.

However, as on 31st March, 2012, while following the conservative approach, the Company did not provide for notional foreign exchange gains amounting to ₹ 3.70 Crores arising because of appreciation of rupee and decided to carry the liability in respect of ECB at a level determined as on 31st December, 2011. The other points of Auditors' Report are self explanatory and needs no comments.

7. COST AUDITORS:

The Board of Directors has re-appointed M/s. Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company under Section 233B of the Companies Act, 1956, for the year 2012-13. The Cost Auditors' Report for the financial year 2011-12 will be forwarded to the Central Government as required under law.

8. 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.

9. 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 optimize the energy cost 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.

10. 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, 2012 and of the profit of the Company for the year ended on 31st March, 2012;
- 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; and
- the annual accounts have been prepared on a going concern basis.

11. 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 express their deep appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year.

FOR AND ON BEHALF OF THE BOARD

PLACE: GURGAON
DATED : 21ST APRIL, 2012

(PRAFULL ANUBHAI)
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

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, 2012:

I. CONSERVATION OF ENERGY:

The Company has over the previous year taken several steps to conserve energy wherever possible. This continues to remain thrust area with studies, discussions and analysis being undertaken regularly for further improvements. The Company has taken several steps to conserve energy in almost all areas of operations. The Company has replaced Compressors, inefficient Motors and inefficient Pumps. The services of an Overseas Consulting Firm namely; Inteco Special Melting Technologies has been taken to save energy in the Steel Melting Shop. Anti Pollution Control Device (APCD) has been made Programmable Logic Controller (PLC) driven.

The results of the above mentioned actions have resulted in reducing electricity consumption by almost 20 KWH per ton of steel.

The desired information is given hereunder:-

Form-A

A. POWER AND FUEL CONSUMPTION

Particulars	U.O.M.	(2011-12)	(2010-11)
1. (A) Electricity Purchased	Lac KWH	892.43	224.63
Total Amount	(₹ In lac)	5051.08	1099.42
Rate Per Unit	₹/KWH	5.66	4.89

(B) Own Generation

Through Diesel Generator			
Units	(KWH in lac)	0.78	0.14
Units/Ltr. of Diesel	KWH	3.26	3.19
Cost Per Unit	₹/ KWH	11.83	16.49

2. Oil (HFO/HSD):

(A) Used in Boiler

Quantity	Ltr	521680	18685
Total Cost	(₹ In lac)	198.62	5.49
Average Rate	₹/Ltr.	38.07	29.38

(B) Used in Furnace

Quantity	Ltr.	992616	868259
Total Cost	₹ in lacs	381.82	270.36
Average Rate	₹ /Ltr.	38.47	31.14

B. CONSUMPTION PER UNIT OF PRODUCTION:

1. Steel Billets/Ingots			
Electricity	KWH/MT	826.37	835.11
Furnace Oil/ L.D.O.	Ltr/ MT	9.94	7.45
2. Rolled Steel			
Electricity	KWH/MT	83.48	81.47
Oil (F.O., L.D.O)	Ltr/MT	38.70	41.12

II. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished in Form-B as under:

FORM-B:

A) RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which Research & Development is carried out by the Company:

Research & Development is carried out for development of new products and improvement in production processes has been made in almost all areas. Quality parameters have been improved to the extent possible. Various new products have been launched in the market.

2. Benefits derived as a result of R & D:

The Company has improved the quality of products significantly and entered into new products.

3. Future Course of action:

Management is fully committed to further strengthen the Research & Development activities. Even a Product Development Cell comprising of three Engineers has been constituted to focus on R&D activities.

4. Expenditure on R & D:

	(₹ in lacs)	
	2011-12	2010-11
Capital	41.36	14.05
Recurring	136.45	43.39
Total	177.41	57.44
Total R & D expenditure as a Percentage of Turnover	0.30	0.46

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts made:

The Company is continuously making efforts for adapting to latest technology in the Unit. Some new machines / equipments have been bought. Some are indigenous and some are imported. The standard operating practices for different processes are being thoroughly reviewed and improved, wherever required.

2. Particulars of technology imported in the last five years.

Technology imported:

Some equipments have been imported for Research & Development and Steel Melting Shop during the year under review.

The services of an overseas consulting firm - M/s. Inteco has been taken to improve the processes, develop new products, improve quality of products etc.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans are given hereunder:

- Exported 1643 MT of rolled black bars during the year for a consideration of 20.58 million US dollars.
- Developed customers in countries like Thailand and Japan.
- Studies have been undertaken for markets like US and Turkey so as to explore more business potential in exports for the year 2012-13.

Total Foreign Exchange earned and used:

	(₹ in lacs)	
	2011-12	2010-11
a). Earnings (FOB value of Exports, Commission earned)	958.45	172.52
b). Outgo (CIF value of Imports and Expenditure in Foreign Currency)	7,988.17	1,938.61

STATEMENT OF PARTICULARS OF EMPLOYEES

INFORMATION REQUIRED AS PER 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, 2012.

PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN ₹ 60,00,000/- PER ANNUM

S. No.	Name of Employee	Designation/Nature of duties	Remuneration (In ₹ lac)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last Employment
1.	Mr. Sachit Jain	Managing Director	163.19	B. Tech, M. B. A.	46	22	15.03.2011	Executive Director, (VMT Spinning Company Ltd.)

- Remuneration includes Salary, Commission, Contribution to Provident Fund, Leave Travel Concession, Medical Assistance and other allowances paid in cash and taxable value of non cash perquisites.
- Mr. Sachit Jain is not related to any of the Directors of the Company except Mrs. Suchita Jain and Mr. Rajinder Kumar Jain.

CORPORATE GOVERNANCE REPORT:

This report on corporate governance forms part of the Annual Report. Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensure that a Company meets its obligations to optimize shareholders' value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. Your Company is committed on adopting the best practices of Corporate Governance as manifested in the Company's functioning to achieve the business excellence by enhancing long-term shareholders' value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities is hallmark of the best practices followed by the Company. This report on Corporate Governance, besides being in compliance of the mandatory Listing Agreement, gives an insight into the functioning of the Company.

1. COMPANY'S PHILOSOPHY:

- ❖ Continued expansion in areas "which we know best".
- ❖ Total customer focus in all operational areas.
- ❖ Products to be of best available quality for premium market segments through TQM and zero defect implementation.
- ❖ Integrated diversification/ product range expansion.
- ❖ World class manufacturing facilities with most modern R & D and process technology.
- ❖ Faith in individual potential and respect for human values.
- ❖ Encouraging innovation for constant improvements to achieve excellence in all functional areas.
- ❖ Accepting change as a way of life.
- ❖ Appreciating our role as a responsible corporate citizen.

2. BOARD OF DIRECTORS:

- i) **Board Meetings:** During the Financial Year 2011-2012, the Board met 5 times on the following dates:
- 2nd April, 2011
 - 27th April, 2011
 - 22nd July, 2011
 - 12th October, 2011
 - 17th January, 2012

ii) **Composition as on March 31st, 2012:**

The Board of Directors comprises of a Managing Director and 8 Non-Executive Directors. Out of the total strength of 9 directors, 5 directors are independent, thus it meets the stipulated requirement.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at last Annual General Meeting of the Company and also the number of other Directorship/Chairmanship in Indian Public Limited Companies are as follows: -

Name of Director	Designation & Category	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in other Companies	No. of Committee Memberships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanship in other Companies
Mr. Prafull Anubhai	Non- Executive Independent Director	5	Yes	4	7	-	2
Mr. Rajinder Kumar Jain	Non- Executive Non-Independent Director	5	No	-	-	-	-
Mrs. Ramni Nirula	Non- Executive Independent Director	5	No	8	4	-	2
Mr. Rajeev Gupta	Non- Executive Independent Director	5	No	4	1	-	-
Mr. Mukund Choudhary	Non- Executive Independent Director	4	No	3	1	-	-
Mr. Sanjeev Pahwa	Non- Executive Independent Director	2	No	2	-	1	-
Mrs. Suchita Jain	Non- Executive Non-Independent Director	5	No	7	-	-	-
Mr. B. K. Choudhary	Non- Executive Non-Independent Director	4	No	2	1	-	-
Mr. Sachit Jain	Managing Director Non-Independent Director	5	Yes	13	3	1	3

Mr. Sachit Jain, Mrs. Suchita Jain and Mr. Rajinder Kumar Jain are related among themselves. None of the other Directors is related to any other Director of the Company.

6. SHAREHOLDING OF DIRECTORS AS ON 31st March, 2012:

The shareholding of the Directors in the Equity Share Capital of the Company is given as follows:

<u>Name of Directors</u>	<u>Number of Shares held</u>
Mrs. Suchita Jain	52,265
Mr. Sachit Jain	8,001
Mr. Prafull Anubhai	710
Mr. B.K. Choudhary	54

* No other director holds any share in the Equity Share Capital of the Company.

7. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Investors' Grievance Committee constituted by the Company looks into the redressal of investors' complaints on various issues.

As at 31st March, 2012, the Investors' Grievance Committee comprised of Mr. B.K. Choudhary, Mr. Sanjeev Pahwa and Mrs. Suchita Jain. The Shareholders'/ Investors' Grievance Committee met once during the year on 23rd March, 2012. The Compliance officer of this committee is Ms. Tanu Berry, Company Secretary.

During the Financial Year 2011-2012, the Company did not receive any investor complaints.

8. GENERAL BODY MEETINGS:

The details of General Body Meetings, apart from Statutory Meeting, since the inception of the Company on 14th May, 2010 are as under:-

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
1 st Annual General Meeting for the Financial Year ended 31 st March, 2011.	Saturday, 23 rd July, 2011 at 10.00 a.m.	Regd. Office, Vardhman Premises, Chandigarh Road, Ludhiana- 141010.	1
Extra- ordinary General Meeting	Monday, 13 th December, 2010 at 3.00 p.m.	Regd. Office, Vardhman Premises, Chandigarh Road, Ludhiana- 141010.	1

The Company has not passed any resolution through postal ballot, during the Financial Year 2011-2012. No resolution is proposed to be passed by postal ballot in forthcoming Annual General Meeting.

9. DISCLOSURES:

There was no material/significant transaction with the directors or the management and their relatives etc. that has any potential conflict with interest of the Company at large. 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 Securities and Exchange Board of India (SEBI) or any other Statutory Authority during the Financial Year 2011-12.

Further, the Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company may also take up the non-mandatory requirements of Clause 49 in due course of time.

10. MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Reports, publication of financial results, press releases in leading newspapers and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges and the Registrar of Companies. The Quarterly Financial Results are published in prominent daily newspapers viz., "Business Standard" and "Desh Sewak". The Financial Results of the Company are also made available at the Company's web-site www.vardhmansteel.com

11. GENERAL INFORMATION FOR SHAREHOLDERS

i) 2nd Annual General Meeting:

Date : 1st September, 2012
 Time : 10.00 a.m.
 Venue : Regd. Office, Vardhman Premises, Chandigarh Road, Ludhiana-141 010.

ii) Financial Calendar 2012-2013 (Tentative)

First Quarter Results : July, 2012
 Second Quarter Results : October, 2012
 Third Quarter Results : January, 2013
 Annual Results : May, 2013

iii) Dates of Book Closure : 20th August, 2012 to 1st September, 2012 (both days inclusive)

iv) Dividend payment date : The Board of Directors has not recommended any Dividend for the Financial Year 2011-12.

v) Listing : The securities of the Company got listed on the following Stock Exchanges w.e.f. 17th May, 2012: -

1. The Bombay Stock Exchange Limited, Mumbai (BSE), 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai-400 001.
2. The National Stock Exchange of India Limited (NSE), "Exchange Plaza, Bandra-Kurla Complex, Bandra(East), Mumbai."

The Company has duly paid the listing fees to both the aforesaid Stock Exchanges for the Financial Year 2012-13.

vi) Stock Code (w.e.f.) 17th May, 2012:

_ The Bombay Stock Exchange Limited, Mumbai : **534392**
 _ The National Stock Exchange of India Limited, Mumbai : **VSSL**

vii) Stock Market Data:

During the Financial Year 2011-12, the Equity Shares of the Company were not listed and therefore, there is no past Stock Market data.

viii) Registrar & Transfer Agent:

The work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt with by M/s. Alankit Assignments Limited at the address given below: -

M/s. Alankit Assignments Limited,

(Unit: Vardhman Special Steels Limited, Unit-I)

2E/21, Alankit House, Jhandewalan Extension, New Delhi - 110 055.

Phone: (011) 41540060-63, Fax: (011) 41540064, E-mail: rta@alankit.com

ix) Share Transfer System:

The Board of Directors vide their resolution dated 22nd July, 2011, further superseded on 21st April, 2012, constituted the Share Transfer Committee of the Company for approval and registering the transfer/transmission of shares, sub-division, consolidation and issue of share certificates, authorizing the affixation of common seal of the Company, to issue the share certificates in place of those which are damaged or in which the pages are completely exhausted provided the original certificates are surrendered to the Company.

The Committee comprises of 3 members i.e. Mr. Sachit Jain, Mr. B.K. Choudhary and Mrs. Suchita Jain. Mr. Sachit Jain, Managing Director is the Chairman of the Committee. Ms. Tanu Berry is the Secretary of the Committee.

The Committee shall meet on an average once in a fortnight. The list of valid transfers prepared by the Transfer Agent in respect of transfer cases received by them and objections, if any, shall be placed before the Committee for its approval/confirmation. The Share Certificates shall be returned back to the shareholders by Transfer Agent within 15 days from the date of receipt by them.

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) of the Company is **INE 050M01012**.



x) **Distribution of Shareholding as on 31st March, 2012:**

Range No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of Total Holders	% to Total Holders	Number of Shares Held	% to Total Shares
Upto-500	21,043	97.125	8,70,430	4.691
501-1000	250	1.154	1,80,613	0.973
1001-2000	131	0.605	1,93,756	1.044
2001-3000	53	0.245	1,31,998	0.711
3001-4000	28	0.129	96,699	0.521
4001-5000	13	0.06	57,235	0.308
5001-10000	43	0.198	3,04,885	1.643
10001- above	105	0.485	1,67,19,760	90.107
Total	21,666	100.00	1,85,55,376	100.00

xi) **Dematerialisation of shares:**

As on 31st March, 2012, 47.60 % of the capital comprising of 88,33,136 shares, out of total of 1,85,55,376 shares were dematerialized.

xii) **Plant Location:**

Vardhman Special Steels Limited, Unit-I,
C-58, Focal Point,
Ludhiana-141 010.

xiii) **Address for correspondence:**

Registered office : Vardhman Premises,
Chandigarh Road,
Ludhiana-141010.
Tel : 0161-2228943-48
Fax : 0161-6701435, 2601048, 2602710, 2222616
E-mail : secretarial.lud@vardhman.com
(Exclusively for redressal of investors' grievances)

DECLARATION UNDER CLAUSE 49

I, Sachit Jain, Managing Director of Vardhman Special Steels Ltd. declare that all Board Members and Senior Management Personnel have affirmed compliance with 'Code of Conduct' for Board and Senior Management Personnel for the year ended 31st March, 2012.

PLACE: GURGAON
DATED : 21ST APRIL, 2012

SACHIT JAIN
(Managing Director)

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER
CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT(S)**

**To
The Members of
Vardhman Special Steels Limited**

We have examined the compliance of the conditions of Corporate Governance by Vardhman Special Steels Limited for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures 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 statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the 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 Regn No.022150N)

(CA Dinesh K.Abrol)
Partner
M.No.087899

Place : GURGAON
Dated : 21ST APRIL, 2012

AUDITORS' REPORT TO THE MEMBERS OF VARDHMAN SPECIAL STEELS LIMITED

To
The Shareholders,
Vardhman Special Steels Limited.

We have audited the attached Balance Sheet of Vardhman Special Steels Limited, Ludhiana as at 31st March 2012, and also the Statement of Profit and Loss 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.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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.
2. As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the enclosed Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in Para 2 above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, *subject to compliance of Accounting Standard 11 regarding "The Effects*

of Changes in Foreign Exchange Rates applicable to footnote to Note 25 to Financial Statements," the Balance Sheet, Statement of Profit and Loss 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;

- (v) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, *subject to footnote to Note 25 to Financial Statements, thereby understating profits for the year to the extent of ₹ 370 Lac and resulting into overstatement of liability to that extent,* the said Balance Sheet and Statement of Profit and Loss read together with significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For S. S. Kothari Mehta & Co.
Chartered Accountants
(Firm Regn. No. 022150N)

Place: GURGAON
Date: 21ST APRIL, 2012

(CA Dinesh K. Abrol)
Partner
Membership No.87899

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. Fixed Assets are verified by rotation every year. No discrepancies were observed in the Fixed assets physically verified during the financial year.
3. During the period, the Company has not disposed off substantial portion of fixed assets. Therefore, it has not affected the ability of Company to continue as a going concern.
4. The inventory of the Company has been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
5. In our opinion and according to the informations and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
6. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been adequately dealt with in books of accounts.
7. We have been informed that there are no loans granted in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301.
8. We have been informed that there are no loans taken in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301.
9. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further, on the basis 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 nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
10. We have been informed that there are no other transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301.
11. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder. We have been explained that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other tribunal against the Company during the period.
12. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
13. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
14. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues applicable to it.
15. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues were outstanding, as at 31.03.2012 for a period of more than six months from the date they became payable.

16. According to the records of the Company examined by us and the information and explanations given to us, in our opinion, there are no dues of sale tax/ income-tax / wealth tax / service tax / customs duty / excise duty / cess which have not been deposited on account of any dispute, except the following:

S. No.	Nature of dues	Amount due (₹)	Forum where pending
1.	Punjab Sale Tax	Basic 1,86,500	Joint Director, Enforcement, Patiala
2.	Punjab Sale Tax	Basic 1,80,000	Joint Director, Enforcement, Patiala
3.	Excise – Denial of CENVAT	Basic ₹ 4,15,723 Interest ₹ 4,05,723	Chief Commissioner Excise, Chandigarh
4.	Excise – Denial of CENVAT	Basic ₹ 45,450 Interest ₹45,450	CESTAT
5.	Excise – CREDIT	₹ 27,78,084 Interest ₹17,39,042	Commissioner Appeals, Chandigarh
6.	Excise – Denial of CENVAT	Basic ₹ 7,51,035 Interest ₹7,41,035	CESTAT
7.	Excise – Denial of CENVAT	Basic ₹ 1,33,333 Interest ₹1,33,333	Remanded Back to Commissioner Appeals By CESTAT
8.	Excise – Denial of CENVAT	Basic ₹ 5,44,993 Penalty ₹5,44,993 Interest ₹ 2,14,742	Commissioner Appeals, Chandigarh
9.	Excise – Denial of CENVAT	Basic ₹ 33,69,378 Interest ₹12,04,668	Assistant Commissioner, Ludhiana
10.	Excise – Denial of CENVAT	Basic ₹ 1,85,693 Interest ₹1,49,848	Assistant Commissioner
11.	Excise – Denial of CENVAT	Basic ₹ 15,13,305 Interest ₹1,57,467	Assistant Commissioner
12.	Excise – Denial of CENVAT	Basic ₹ 5,78,560 Interest ₹49,075	Assistant Commissioner

17. The Company does not have accumulated losses as at the end of the financial period. The Company has not incurred any cash losses during the financial period covered by our audit.

18. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank during the period.

19. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

20. According to the records of the Company examined by us and the information and explanations given to us, term loans (ECB) taken by the Company during the period are being utilized for the purpose they have been received.

21. According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, generally, there are no funds raised by the Company on short-term basis, which have been used for long-term investment.

22. The Company has not made any preferential allotment of shares during the period.

23. The Company has not issued any debentures during the period covered by our audit report.

24. The Company has not raised any money by way of public issue during the period covered by our audit report.

25. 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 or reported during the period, nor have we been informed of such case by the management.

26. The other provisions of the Order do not appear to be applicable for the year under report.

For S. S. Kothari Mehta & Co.
Chartered Accountants
(Firm Regn. No. 022150N)

(CA Dinesh K. Abrol)

Partner

Place : GURGAON
Date : 21ST APRIL, 2012

Membership No.87899



BALANCE SHEET as at 31st March, 2012

(₹ in Lacs)

Particulars	Note No.	As at 31 st March, 2012	As at 31 st March, 2011
1. EQUITY AND LIABILITIES			
I. Shareholders' funds			
(a) Share capital	3	1,855.54	582.50
(b) Money received against share warrants		-	-
(c) Reserves and surplus	4	17,176.99	14,586.88
(d) Equity Share Capital pending allotment pursuant to the Scheme of Arrangement and Demerger'		-	1,273.04
		<u>19,032.53</u>	<u>16,442.42</u>
II. Share application money pending allotment		-	-
III. Non-current liabilities			
(a) Long-term borrowings	5	8,846.46	-
(b) Deferred tax liabilities (net)	12	412.55	413.54
(c) Long-term trade payables		-	-
(d) Other long-term liabilities	6	22.64	14.47
(e) Long-term provisions	7	44.42	36.04
		<u>9,326.07</u>	<u>464.05</u>
IV. Current liabilities			
(a) Short-term borrowings	8	15,572.78	5,899.05
(b) Trade payables	9	1,088.62	1,264.46
(c) Other current liabilities	10	1,836.50	1,486.14
(d) Short-term provisions	7	234.29	144.71
		<u>18,732.19</u>	<u>8,794.36</u>
TOTAL		<u><u>47,090.79</u></u>	<u><u>25,700.83</u></u>
2. ASSETS			
I Non-current assets			
(a) Fixed assets			
Tangible assets	19	4,306.12	3,216.28
Intangible assets		-	-
Capital work-in-progress		858.09	10.14
Intangible assets under development		-	-
(b) Non-current investments	11	8,125.00	2,000.00
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	13	1,276.29	119.66
(e) Non-current trade receivables	14	27.36	214.81
(f) Other non-current assets	15	-	-
		<u>14,592.86</u>	<u>5,560.89</u>
II Current assets			
(a) Current investments	16	1,800.00	-
(b) Inventories	17	9,582.89	9,798.25
(c) Trade receivables	14	10,548.59	8,754.76
(d) Cash and cash equivalents	18	8,711.26	528.53
(e) Short-term loans and advances	13	1,629.35	1,048.26
(f) Other current assets	15	225.84	10.14
		<u>32,497.93</u>	<u>20,139.94</u>
TOTAL		<u><u>47,090.79</u></u>	<u><u>25,700.83</u></u>

See accompanying notes forming part of the Financial Statements 1,2
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For S.S.Kothari Mehta & Co.

Chartered Accountants

(Firm Regn No.022150N)

(CA Dinesh K.Abral)
Partner
M.No.087899

Tanu Berry
Company Secretary

Naresh Bansal
General Manager

Suchita Jain
Director

Sachit Jain
Managing Director

For and on behalf of the Board

Place : GURGAON
Dated : 21st APRIL, 2012

Place : GURGAON
Dated : 21st APRIL, 2012

Statement of Profit and Loss for the year ended 31st March, 2012

(₹ in Lacs)

Particulars	Note No.	Year ended 31 st March, 2012	Period ended 31 st March, 2011
INCOME			
Revenue from operations (Gross)	20	58,119.14	12,451.55
Less: Excise duty		5,429.11	1,145.89
Revenue from operations (Net)		52,690.03	11,305.66
Other income	21	230.24	18.14
Total income		52,920.27	11,323.80
EXPENSES			
Cost of materials consumed	22	30,573.03	7,147.70
Purchase of stock-in-trade		-	-
Changes in inventories of finished goods, work in progress and stock-in-trade	23	(171.35)	(822.74)
Employee benefit expense	24	1,525.52	349.28
Other expenses	25	15,526.00	3,324.16
Excise Duty on change in Stocks		246.41	53.16
Finance cost	26	659.80	104.28
Depreciation and amortisation expense	27	405.92	95.31
Total expenses		48,765.33	10,251.15
Profit before exceptional items, extraordinary items and tax		4,154.94	1,072.65
Exceptional items:		-	-
Profit before extraordinary items and tax		4,154.94	1,072.65
Extraordinary items		-	-
Profit before tax		4,154.94	1,072.65
Tax expense			
Current tax		1,565.82	385.40
Deferred tax		(0.99)	(9.01)
Profit for the year after Tax		2,590.11	696.26
Earnings per share (₹)			
Basic - Par value of ₹ 10 per share		14.15	11.95
Diluted - Par value of ₹ 10 per share		14.15	11.95

See accompanying notes forming part of the Financial Statements 1,2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For S.S.Kothari Mehta & Co.

Chartered Accountants
(Firm Regn No.022150N)

(CA Dinesh K.Abrol)
Partner
M.No.087899

Tanu Berry
Company Secretary

Naresh Bansal
General Manager

Suchita Jain
Director

Sachit Jain
Managing Director

For and on behalf of the Board

Place : GURGAON
Dated : 21ST APRIL, 2012

Place : GURGAON
Dated : 21ST APRIL, 2012

**Cash Flow Statement for the year ended 31st March, 2012**

(₹ in Lacs)

Particulars	Year ended 31 st March, 2012	Period ended 31 st March, 2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and Extra Ordinary Items	4,154.94	1,072.65
Adjustments for:		
Depreciation	405.92	95.31
Provision for Doubtful Debts written back	(70.83)	(14.56)
Excess Provision Written Back	-	(1.97)
Sundry Balances Written back/ off	(21.81)	0.14
Interest charged	581.28	85.42
Operating Profit before Working Capital changes	5,049.50	1,236.99
Adjustments for:		
Decrease/(Increase) in Inventories	215.36	(1,006.29)
Increase/(Decrease) in liabilities and provisions	2,027.46	734.02
Decrease/(Increase) in other current assets/Loans and Advances	(3,753.42)	-
Decrease/(Increase) in Trade Receivables	(1,606.37)	(1,381.12)
	(3,116.97)	(1,653.39)
Cash Generation from Operations	1,932.53	(416.40)
Income tax paid / tax deducted at source	(1,420.00)	(357.00)
Net cash generated from Operating activities	512.53	(773.40)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets and capital work in progress (including capital advances)	(2,343.71)	(216.81)
Decrease/(Increase) in Investments	(7,925.00)	(2,000.00)
Net cash used in Investing activities	(10,268.71)	(2,216.81)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Share Capital		582.50
Inter-corporate deposits taken	3,371.66	113.59
Proceeds from Short Term Borrowings	6,302.07	2,469.95
Proceeds from Term loan	8,846.46	
Interest paid	(581.28)	(85.42)
Net cash generated from Financing activities	17,938.91	3,080.62
Net increase in cash and cash equivalents (A+B+C)	8,182.73	90.41
Cash and cash equivalents at the beginning of the period	528.53	-
Cash and cash equivalents (Transferred from Transferor Company)	-	438.11
Cash and cash equivalents at the end of the period	8,711.26	528.52
Components of cash and cash equivalents:		
Cash in hand	17.24	18.32
Cheques in hand	277.16	-
Balances with scheduled banks:		
- on current accounts	392.36	506.76
- on fixed deposit accounts (under lien with banks)	8,019.20	-
- on fixed deposit accounts	5.30	3.45
	8,711.26	528.53

Note: The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard - 3 on "Cash Flow Statement" prescribed by the Companies (Accounting Standards) Rules, 2006.

As per our report of even date attached

For S.S.Kothari Mehta & Co.

Chartered Accountants

(Firm Regn No.022150N)

(CA Dinesh K.Abral)

Partner

M.No.087899

Tanu Berry

Company Secretary

Naresh Bansal

General Manager

Suchita Jain

Director

Sachit Jain

Managing Director

Place : GURGAON

Dated : 21ST APRIL, 2012

Place : GURGAON

Dated : 21ST APRIL, 2012

Notes to the Financial Statements for the Year Ended 31st March, 2012

1. CORPORATE INFORMATION:

Vardhman Special Steels Limited is a Public Limited Company incorporated under the provisions of the Companies Act, 1956 on 14th May, 2010. The Company is engaged in manufacturing of Billets, Steel bars & rods and Bright bars of various categories of Special and Alloys steels.

2. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

a) **Accounting Convention:**

The accounts are prepared on accrual basis under the historical cost convention in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 and other relevant provisions of the said Act.

b) **Revenue Recognition:**

i) **Sales:**

- a) Export sales are converted at negotiated rate, that approximates the actual rate prevailing on the date of the transaction and/or at the forward contract rate, if so applicable. The unnegotiated export sale at the end of the year/period has been recognised at the closing conversion rate.
- b) Domestic Sales (Gross) include excise duty and freight and is recognised on despatch of goods to customers.

ii) **Insurance and Other Claims:**

The revenue in respect of claims is recognised when no significant uncertainty exists with regard to the amount to be realised and the ultimate collection thereof.

iii) **Benefit under Duty Entitlement Pass Book/Duty Drawback Scheme:**

Revenue in respect of the above benefits is recognised on post export basis.

c) **Retirement Benefits:**

- i) **Gratuity:** Provision for gratuity liability to employees is made on the basis of actuarial valuation as per AS-15 issued by Institute of Chartered Accountants of India.
- ii) **Leave Encashment:** Provision for leave encashment is made on the basis of leave accrued to the employees during the calendar year and has been determined on actuarial valuation as per AS-15 issued by Institute of Chartered Accountants of India.
- iii) **Provident Fund:** Contribution to Provident Fund is made in accordance with the provisions of the Provident Fund Act, 1952 and is treated as revenue expenditure.
- iv) **Superannuation:** The liability in respect of eligible employees covered as per Company policy is provided on accrual basis.

d) **Fixed Assets:**

Fixed Assets are stated at historical cost less depreciation.

e) **Depreciation:**

- i) Depreciation on Plant & Machinery and Building is charged on Straight Line method. Depreciation on straight line method is calculated on the basis of circular No.1/86 dated 21.5.1986 issued by the Company Law Board i.e. on the basis of rates corresponding to rates (inclusive of multiple shift allowance) applicable under the Income Tax Rules at the time of acquisition/purchase of assets upto 02.04.1987. However, for the assets purchased/acquired after 02.04.1987, depreciation is provided in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956. In respect of the assets purchased/acquired on or after 16.12.1993, depreciation has been provided in accordance with Notification No. GSR 756(E) dated 16.12.1993 issued by the Department of Company Affairs.
- ii) On the remaining assets, Depreciation is provided on straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956, except in case of computers, on which depreciation has been provided @ 25 % on straight line basis.
- iii) Depreciation on assets costing ₹ 0.05 lac or below acquired during the year is charged @ 100% on proportionate basis.

f) **Inventories:**

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of various items of inventories is computed as under:

- o In case of raw materials-at weighted average cost plus direct expenses.
- o In case of stores and spares-at weighted average cost plus direct expenses.
- o In case of finished goods-at raw material cost plus conversion cost, packing cost, excise duty and other overheads incurred to bring the goods to their present condition and location.



Notes to the Financial Statements for the Year Ended 31st March, 2012

g) Foreign Currency Conversion/Translation:

- o Foreign currency transactions are recorded on initial recognition at the rate prevailing on the date of the transaction. Where export bills are negotiated with the bank, the export sales are recorded at the rate on the date of negotiation as the said rate approximates the actual rate on the date of transaction.
- o Foreign Currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognised as income or expense in the period in which they arise.
- o The premium or discount arising at the inception of forward exchange contracts is amortised as an expense or income over the life of the contract.
- o Exchange differences on the aforesaid forward exchange contract are recognised in the statement of Profit and Loss in the reporting period in which the exchange rates change. Profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense in the period in which such profit or loss arises.

h) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as expense in the period in which they are incurred.

i) Expenditure incurred during construction period:

In respect of major expansion, the indirect expenses incurred during construction period upto the date of commercial production is capitalised on various categories of fixed assets on proportionate basis.

j) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resource.

k) Employee benefits***Short term benefits***

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences and bonus, etc. are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

Gratuity (Defined benefit plan)

Provision for gratuity, which is a defined benefit plan, is made on the basis of an actuarial valuation carried out by an independent actuary at the balance sheet date, 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. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Leave encashment (Other long term benefits)

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either utilise during the service or encash. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee or upon death of employee. The Company accounts for the liability for compensated absences payable in future based on an independent actuarial valuation carried out at the end of the period.

l) Earnings per share

Basic earnings per share is calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of equity and dilutive potential equity shares outstanding during the period, except where the results would be anti-dilutive.

m) Accounting for Tax on Income :

The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current Tax is the amount of income-tax determined to be payable in respect of taxable income for a period. Deferred Tax is the tax effect of all timing differences.

n) Impairment of Assets

At each Balance Sheet date, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of accounts.

Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

3. SHARE CAPITAL

	As at 31 st March, 2012		As at 31 st March, 2011	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of ₹ 10 each	35,000,000	3,500.00	35,000,000	3,500.00
	<u>35,000,000</u>	<u>3,500.00</u>	<u>35,000,000</u>	<u>3,500.00</u>
Issued, subscribed and paid up				
Equity shares of ₹ 10 each fully paid up				
At the beginning of the year	5,825,000	582.50	-	-
Add: Issued during the year	12,730,376	1,273.04	5,825,000	582.50
At the end of the year	<u>18,555,376</u>	<u>1,855.54</u>	<u>5,825,000</u>	<u>582.50</u>

3(a) The Aggregate number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash in the last five years immediately preceding the Balance Sheet date is **NIL**.

3(b) Equity Shares calls unpaid by directors and officers of the Company is **NIL**.

3(c) Shares held by ultimate holding Company/ holding Company and their subsidiaries/ associates.

	As at 31 st March, 2012		As at 31 st March, 2011	
	Number of shares	Amount	Number of shares	Amount
Equity shares of ₹10/- each fully paid up held by				
Ultimate holding Company	-	-	-	-
Holding Company - Vardhman Textiles Limited			5,825,000	582.50
Subsidiary of ultimate holding Company or holding Company	-	-	-	-
Associate of ultimate holding Company or holding Company	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>5,825,000</u>	<u>582.50</u>

3(d) Details of shareholders holding more than 5% shares of the Company

	As at 31 st March, 2012		As at 31 st March, 2011	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of ₹ 10/-each fully paid up held by				
- Vardhman Textiles Limited.	5,825,000	31.39	5,825,000	100
- Vardhman Holdings Limited.	3,080,517	16.60	-	-
- Adinath Investment & Trading Company	2,522,655	13.60	-	-
- Devakar Investment & Trading Company (P) Ltd.	1,108,175	5.97	-	-
Total	<u>12,536,347</u>	<u>67.56</u>	<u>5,825,000</u>	<u>100</u>

Note: The Steel Business undertaking namely 'Vardhman Special Steels' was a unit of M/s.Vardhman Textiles Limited (VTXL) till 31.12.2010, and consequent to the Order of the Hon'ble High court of Punjab and Haryana dated 12.01.2011, said undertaking was demerged from Vardhman Textiles Ltd. and got vested in the Company from the appointed date i.e. 01.01.2011. As a result, accounting treatment was given to assets and liabilities of the said undertaking based on the scheme of Arrangement and Demerger approved by the Hon'ble High Court. In consideration of the assets, liabilities and reserves being vested in Vardman Special Steel Limited (VSSL), VSSL issued 1,27,30,376 equity shares of ₹ 10/- each credited as fully paid-up to the shareholders of VTXL in proportion of 1 share of VSSL for every 5 shares of Vardhman Textiles Limited (VTXL) held by Shareholders during the year.



Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

4. RESERVES AND SURPLUS

	As at 31 st March, 2012	As at 31 st March, 2011
a) General reserve		
At the beginning of the year	13,890.62	-
Add/Less: Transferred from Transferor Company	-	13890.62
At end of year	<u>13,890.62</u>	<u>13,890.62</u>
b) (Deficit)/ surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	696.26	-
Add/ (less): Profit/ (loss) for the year	2,590.11	696.26
Transfer to General Reserve	-	-
Balance at the end of the year	<u>3,286.37</u>	<u>696.26</u>
Total	<u>17,176.99</u>	<u>14,586.88</u>

5. LONG-TERM BORROWINGS

	Secured/ unsecured	Rate of interest	Non-current portion		Current maturities	
			As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2012	As at 31 st March, 2011
Banks - Foreign currency denominated loans (ECB)	Secured	3 Months Libor + 4.25 percent	8,846.46	-	-	-
Total			<u>8,846.46</u>	<u>-</u>	<u>-</u>	<u>-</u>

The above mentioned ECB is secured by 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 charges created or to be created in favour of the Bankers for securing the Working Capital limits.

6. OTHER LONG-TERM LIABILITIES

	As at 31 st March, 2012	As at 31 st March, 2011
Securities Received	16.69	14.47
Superannuation Payable	5.95	-
Total	<u>22.64</u>	<u>14.47</u>

7. PROVISIONS

	Long-term		Short-term	
	As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2012	As at 31 st March, 2011
Provision for employee benefits				
Gratuity	-	-	18.47	40.40
Compensated absences -Leave Encashment (unfunded)	44.42	36.04	7.98	7.16
Bonus	-	-	60.35	50.65
Pension	-	-	4.34	3.59
Provident Funds	-	-	15.32	11.89
Welfare Funds	-	-	0.34	0.12
ESI	-	-	5.12	3.71
	<u>44.42</u>	<u>36.04</u>	<u>111.92</u>	<u>117.52</u>
Other Provisions				
Provision for Taxes (net of Advance Tax)	-	-	122.37	27.19
	<u>-</u>	<u>-</u>	<u>122.37</u>	<u>27.19</u>
Total	<u>44.42</u>	<u>36.04</u>	<u>234.29</u>	<u>144.71</u>

Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

8. SHORT-TERM BORROWINGS

	Secured/ Unsecured	As at 31st March, 2012	As at 31st March, 2011
Loans repayable on demand			
From banks for Working Capital*	Secured	8,999.12	2,697.05
From Related parties			
- Vardhman Textiles Limited	Unsecured	2,981.05	-
- Vardhman Acrylics Limited	Unsecured	3,592.61	3,202.00
Total		<u>15,572.78</u>	<u>5,899.05</u>

*Working Capital Borrowings from Banks are secured by hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future Fixed Assets of the Company.

9. TRADE PAYABLES

Trade Payables	1088.62	1264.46
Total	<u>1088.62</u>	<u>1264.46</u>

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below: -

There are no outstanding amount payable beyond the agreed period to Micro, Small and Medium Enterprises as on the Balance Sheet date to the extent such enterprises have been identified, based on the information available with the Company.

10. OTHER CURRENT LIABILITIES

Taxes Payable	866.20	307.50
Salary Wages Payable	90.62	79.09
Security Received	Nil	Nil
Short Term Liabilities	10.27	1.70
Interest accrued but not due on borrowings	15.12	105.63
Other Payables	754.62	862.17
Advances from Customers	99.67	130.05
Total	<u>1,836.50</u>	<u>1,486.14</u>

11. NON-CURRENT INVESTMENTS (valued at cost unless otherwise stated)

Other than Trade

Debt Funds/ Fixed Maturity Plans (QUOTED)*

10,000,000	(Previous Year 10,000,000) Units of ₹10/- each of Reliance Fixed Horizon Fund series 10-Growth Plan	1,000.00	1000.00
10,000,000	(Previous Year 10,000,000) Units of ₹10/- each of Birla Sun Life Fixed Term Plan series CX-Growth Plan	1,000.00	1000.00
5,000,000	Units (previous year Nil) of ₹ 10 each Kotak Mutual Fund as (Kotak FMP Series 77 - Growth)	500.00	-
20,000,000	Units (Previous Year Nil) of ₹ 10 each Reliance Fixed Horizon Fund XXI Series 18 Growth Option	2,000.00	-
15,000,000	Units (previous year Nil) of ₹ 10 each HDFC FMP 36 M October 2011(1)-Growth Fund	1,500.00	-
19,999,990	Units (Previous year Nil) of ₹ 10 each ICICI Prudential Fixed Maturity Plan Series 63-384 Days	2,000.00	-

Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

14. TRADE RECEIVABLES

	Non-current		Current	
	As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2012	As at 31 st March, 2011
Debts outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	-	-	-	
Unsecured, considered good	27.36	214.81	49.63	29.45
Debts due from related parties unsecured, considered good	-	-	-	-
Unsecured, considered doubtful	12.97	76.29	-	6.49
	<u>40.33</u>	<u>291.10</u>	<u>49.63</u>	<u>35.94</u>
Less: Provision for doubtful debts	12.97	76.29	-	6.49
	<u>27.36</u>	<u>214.81</u>	<u>49.63</u>	<u>29.45</u>
Other debts				
Secured, considered good	-	-	-	
Unsecured, considered good			10,498.96	8,725.31
Debts due from related parties, Unsecured, considered good	-	-	-	-
Unsecured, considered doubtful	-	-	-	-
	-	-	10,498.96	8,725.31
Less: Provision for doubtful debts	-	-	-	-
	-	-	10,498.96	8,725.31
Total	<u>27.36</u>	<u>214.81</u>	<u>10,548.59</u>	<u>8,754.76</u>

15. OTHER ASSETS

	Non-current		Current	
	As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2012	As at 31 st March, 2011
Unsecured considered good, unless otherwise stated				
Interest accrued on fixed deposits	-	-	225.84	10.14
Total	<u>-</u>	<u>-</u>	<u>225.84</u>	<u>10.14</u>



Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

16. CURRENT INVESTMENTS

	As at 31 st March, 2012	As at 31 st March, 2011
(valued at cost or market value whichever is lower)		
Other than Trade		
Equity Linked Mutual Funds / Liquid Funds (QUOTED)*		
1,698,037 Units (Previous Year Nil) of ₹ 10/- each of Birla Sun Life Dynamic Bond Fund (Growth Plan)	300.00	-
1,614,974 Units (Previous Year Nil) of ₹ 10/- each of UTI Short Term Income Fund- Institutional Growth Option	200.00	-
8,828,385 Units (Previous Year Nil) of ₹ 10/- each of HDFC Medium Term Opportunities Fund-Growth Fund	1,000.00	-
2,305,965 Units (Previous year Nil) of ₹ 10/- each State Bank of India Dyanamic Bond Fund (Growth)	300.00	-
Total	1,800.00	-
Aggregate book value of quoted investments	1,800.00	-
Aggregate Market value of quoted investments	1,822.83	-
Aggregate book value of unquoted investments	-	-
* Lien Marked in Favour of Deutsche Bank AG against the overdraft facility sanction by it.		

17. INVENTORIES

(At cost or net realizable value whichever is lower)		
Raw materials	1,292.42	1,661.92
Raw materials in Transit	975.55	1,043.54
Stores and spares	884.76	843.18
Stores and spares in Transit	9.20	-
Finished goods		
- Own manufactured	6,420.96	6,249.61
Total	9,582.89	9,798.25

18. CASH AND BANK BALANCES

Cash and Cash Equivalents		
Balance with banks in		
Current accounts	392.36	506.76
Fixed deposits	3.20	3.45
Cheques/ drafts on hand	277.16	-
Cash in hand	15.02	15.83
Others (Imprest)	2.22	2.49
	689.96	528.53
Other Bank Balances		
Fixed Deposits with maturity of more than 12 months (under lien)	7,910.00	-
Fixed Deposits with maturity of more than 12 months	2.10	-
Balance in banks for margin money	109.20	-
	8021.30	-
Total	8711.26	528.53

Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

19. TANGIBLE ASSETS

Description	Cost			As at 1 st April, 2011	For the year Deletions/ adjustments	Depreciation		Net Block	
	Balance as at 1 st April, 2011	Additions	Deletions/ adjustments			Balance as at 31 st March, 2012	Balance as at 31 st March, 2012	Balance as at 31 st March, 2011	
Land									
- Freehold	137.63	707.31	-	-	-	-	-	844.94	137.63
Buildings	1,663.39	73.63	-	770.96	51.53	-	822.49	914.53	892.43
Plant and machinery	6,447.35	587.21	424.81	4,416.37	329.05	388.48	4,356.94	2,252.81	2,030.98
Furniture and fixtures	72.44	2.01	8.96	50.36	2.94	8.04	45.27	20.22	22.07
Vehicles	104.42	147.28	-	12.08	13.67	-	25.74	225.96	92.34
Office equipment	115.33	15.65	0.55	74.50	8.73	0.46	82.76	47.66	40.83
Total	8,540.56	1,533.09	434.32	5,324.27	405.92	396.98	5,333.20	4,306.12	3,216.28
Previous period	8,333.92	206.65	-	5,228.99	95.31	0.03	5,324.27	3,216.28	-



Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

20. REVENUE FROM OPERATIONS

	Year ended 31 st March, 2012	Period ended 31 st March, 2011
Sale of products		
Own manufactured		
Steel Bars	57,355.70	12,222.85
Billets	67.17	8.72
By Products/Waste	464.61	144.95
Miscellaneous Sales	181.49	67.50
Other operating Revenue : Export Incentives	50.17	7.53
Revenue from operations (Gross)	<u>58,119.14</u>	<u>12,451.55</u>

21. OTHER INCOME

Interest income on		
Others	38.03	0.08
Dividend income from current/ long-term investments	3.62	-
Net profit on sale of assets	34.94	-
Other income	37.98	1.53
Provision for Doubtful Debts written back	70.83	14.56
Provision No Longer Required Written Back	-	1.97
Sundry Balances Written Back	26.22	-
Prior Period Income	18.62	-
	<u>230.24</u>	<u>18.14</u>

22. COST OF RAW MATERIALS CONSUMED

Raw Material Scrap and Ferro Alloys	<u>30,573.03</u>	<u>7,147.70</u>
	<u>30,573.03</u>	<u>7,147.70</u>

23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE

	Year ended 31 st March, 2012	Period ended 31 st March, 2011
Opening stock		
Work-in-progress	-	-
Finished goods		
- Own manufactured	6,249.61	5,426.87
- Traded	<u>-</u>	<u>-</u>
	6,249.61	5,426.87
Less :		
Closing stock		
Work-in-progress	-	-
Finished goods		
- Own manufactured	6,420.96	6,249.61
- Traded	<u>-</u>	<u>-</u>
	<u>6,420.96</u>	<u>6,249.61</u>
Net Increase/ (Decrease)	<u>(171.35)</u>	<u>(822.74)</u>

24. EMPLOYEE BENEFIT EXPENSE

Salaries, wages and Bonus	1,343.76	272.03
Contribution to Provident and other fund	149.32	68.36
Staff welfare expense	32.44	8.89
	<u>1,525.52</u>	<u>349.28</u>

Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

25. OTHER EXPENSES

	Year ended 31 st March, 2012	Period ended 31 st March, 2011
Consumption of stores and spare parts	3,713.29	879.71
Power and Fuel	6,634.43	1,430.29
Rent	16.96	2.06
Repairs to Building	189.17	34.23
Repairs to Machinery	883.29	171.45
Insurance	33.12	2.04
Rates and taxes, excluding taxes on income	14.61	2.96
Directors Travelling	37.86	-
Remuneration to Managing Director	163.19	5.35
Net loss on account of foreign exchange fluctuation *	106.41	2.38
Payment to Auditors **	2.39	1.25
Miscellaneous expenses	84.38	10.26
Packing material	78.70	17.57
Processing Charges	1,735.85	310.79
Repairs and maintenance - others	37.20	7.46
Employee training expenses	25.65	4.19
Legal and Professional Charges	35.14	20.97
Bad Debts/Other Assets Written Off	4.42	0.14
Loss on Sale of Fixed assets	7.31	-
Travelling and Conveyance	93.68	13.02
Preliminary Expenses Written off	-	3.74
Printing and Stationery	25.17	5.70
Communication expenses	25.36	3.34
Prior period expenses	5.23	-
Freight and Cartage on Sale	1,078.13	285.79
Freight and Cartage on Exports	48.02	7.67
Cash Discount	401.77	94.41
Advertisement	11.46	0.58
Others Selling Expenses	33.81	6.81
	15,526.00	3,324.16

* The Liability in respect of ECB was reinstated as on Dec. 31, 2011 for determining quarterly results. As on March 31, 2012, the Company, while following the conservative approach, has decided to carry the liability in respect of ECB at a level as determined on Dec. 31, 2011 and has not provided for notional foreign exchange gains amounting to ₹ 3.70 Crore arising on re-instatement of ECB as at March 31, 2012. This has resulted in under-statement of profit to that extent for the financial year 2011-12.

** Payment to Auditors

As Auditor		
Audit fee	1.50	0.75
Tax audit fee	0.50	0.25
Cost Audit Fees	0.23	0.25
For reimbursement of expenses	0.16	-
	2.39	1.25

26. FINANCE COST

Interest expense (Net of Interest Received from Banks)	581.28	85.42
Other borrowing cost	15.88	11.07
Bank charges	62.64	7.79
	659.80	104.28



Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

27. DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended 31 st March, 2012 (in ₹)	Period ended 31 st March, 2011 (in ₹)
Depreciation on tangible assets	405.92	95.31
	405.92	95.31

28. Notes to Financial Statements

i). There are contingent liabilities in respect of:

	As at 31 st March, 2012	As at 31 st March, 2011
a) Bank Guarantees and Letters of Credit outstanding	7,615.74	820.48
b) Other contingent liabilities	203.14	123.72

ii). Estimated amount of capital contracts remaining to be executed is ₹ 10,150.91 Lac (previous period ₹ 93.23 Lac).

iii). The Steel Business undertaking namely 'Vardhman Special Steels' was a unit of Vardhman Textiles Limited (VTXL) till 31.12.2010, and consequent to the Order of the Hon'ble High court of Punjab and Haryana dated 12.01.2011, said undertaking was demerged from Vardhman Textiles Ltd. and got vested in the Company from the Appointed Date i.e. 01.01.2011. As a result, accounting treatment was given to assets and liabilities of the said undertaking based on the Scheme of Arrangement and Demerger approved by the Hon'ble High Court. In consideration of the assets, liabilities and reserves being vested in VSSL, VSSL issued 1,27,30,376 equity shares of ₹ 10/- each credited as fully paid-up to the shareholders of VTXL in proportion of 1 share of VSSL for every 5 shares of VTXL held by Shareholders during the year.

iv). The Company has contested the additional demand in respect of Excise Duty/Service Tax /Sale Tax amounting to ₹112.77 Lacs (Previous Period ₹ 88.04 Lacs) in different cases. The Company has filed an appeal with the Appellate Authorities. No provision has been made in the books of accounts in respect thereof.

v). Leases:

The Company has leased facilities under cancellable operating leases arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognised during the year amounts to ₹ 16.95 Lacs (Previous Period ₹ 2.06 lacs).

vi). In the opinion of the Board, Current Assets, Loan and Advances have a value in the ordinary course of business at least equal to that stated in the Balance Sheet.

vii). Balances of Sundry Debtors and Sundry creditors are subject to reconciliation and confirmation.

viii). Computation of net profit under Section 198 read with Section 349 of the Companies Act, 1956, for the purpose of commission payable to the Managing Director:

Particulars	Year ended 31 st March, 2012	Period ended 31 st March, 2011
Profit before tax	4,154.94	1,072.65
Add: Depreciation for the year/period	405.91	95.31
Managing Director's Remuneration	163.19	5.35
Less : Depreciation for the year/period	403.74	94.84
Profit for computation of commission	4,320.32	1,078.47
Maximum permissible i.e. 5% of profits	216.02	53.92
Commission payable to Managing Director @ 1.5% of Net Profit before Tax	62.32	2.06
Remuneration paid/payable to the Managing Director.		
Salary, Allowances and Contributions	100.87	3.29
Commission	62.32	2.06

ix). Sundry creditors include amount of ₹ Nil owed to Small Scale Industries Undertakings, out of which amount outstanding for a period of more than 30 days is ₹ Nil. The Company has not made any delays in settlement of balance due to Small Scale Industrial undertakings and hence no provision for interest on delayed payment is required. Further, there are no outstanding amount payable beyond the agreed period to Micro, Small and Medium Enterprises as on the Balance Sheet date to the extent such enterprises have been identified, based on the information available with the Company.

Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

x). **Employee Benefits :**

The summarized position of Post-employment benefits and long term employee benefits recognized in the Statement of Profit and Loss and Balance Sheet as required in accordance with Accounting Standard (AS) 15 are as under:-

a) Changes in the present value of the obligations :

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous Period	Current Year	Previous Period
Present value obligation as at beginning of the year	36.04	-	224.21	-
Transferred pursuant to De-merger Scheme	-	1.27	-	172.71
Interest cost	3.02	0.60	19.05	3.43
Past Service cost	-	-	-	-
Current service cost	24.54	(1.98)	25.30	8.89
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Benefits Paid	(3.07)	(2.29)	(12.88)	(1.40)
Actuarial (gain)/ loss on Obligations	(16.11)	(0.56)	(11.46)	40.58
Present value obligation as at end of the year	44.42	36.04	244.22	224.21
(b) Change in Fair Value of Plan Asset :				
'Fair value of Plan Assets as at beginning of the year	-	-	184.43	171.17
Expected return on Plan Assets	-	-	11.84	11.98
Contributions	-	-	25.87	-
Benefits Paid	-	-	-	-
Actuarial gain/ (loss) on Obligations	-	-	(3.61)	1.28
Fair value of Plan Assets as at end of the year	-	-	225.75	184.43
(c) Amount recognized in Balance Sheet :				
Present value obligation as at beginning of the year	44.42	36.04	244.22	224.21
Fair value of Plan Assets as at end of the year	-	-	225.75	184.43
Funded Status	(44.42)	(36.04)	(18.47)	(39.78)
Present value of unfunded obligation as at end of the year	-	-	-	-
Unfunded Actuarial (gains)/ losses	-	-	-	-
Unfunded Net Asset/ (Liability) recognised in Balance Sheet.	(44.42)	(36.04)	(18.47)	(39.78)
(d) Expenses Recognized in Statement of Profit and Loss				
Current service cost	24.54	(1.98)	25.31	8.89
Past Service cost	-	-	-	-
Interest cost	3.02	0.60	19.05	3.43
Expected return on Plan Assets	-	-	(11.84)	(5.56)
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	(16.11)	(0.56)	(15.07)	39.91
Total Expenses recognised in Statement of Profit and Loss Account	11.45	(1.94)	17.45	46.67
(e) Investment details of Fund : In terms of the Scheme of De-merger as referred in Note 28(iii), the equitable interest of the employees of the Resultant Company in the Gratuity Fund of De-merged Company shall be transferred to the Gratuity fund of the resultant Company once the same comes into existence.				
(f) Principal actuarial assumption at the Balance Sheet Date (expressed as weighted average)				
Discount Rate (per annum)	8.75%	8.50%	8.75%	8.50%
Rate of increase in compensation levels (per annum)	6.00%	7.00%	6.00%	6.00%
Rate of return on plan assets (per annum)	N.A.	N.A.	6.00%	7.00%
Expected Average remaining working lives of employees (years)	22.52	22.22	22.54	22.22
Method Used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit



Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employee market.

- (g) Other short term employee's benefits (Un-Funded)

Particulars	Short term Leave		Leave Travel Encashment		Ex-Gratia	
	Current Year	Previous Period	Current Year	Previous Period	Current Year	Previous Period
Opening Liability	7.16	4.22	5.23	6.10	8.77	6.43
Closing Liability	7.98	7.16	6.20	5.23	10.63	8.77
Benefits Paid during the period	1.98	-	4.03	1.81	8.77	-
Amount debited to Statement of P& L	2.80	2.94	5.00	0.94	10.63	2.34

- h) During the year, the Company has recognized an expense of ₹ 80.68 Lacs (Previous Period ₹18.19 lac) in respect of Contribution to Provident Fund and ₹ 5.95 Lacs (Previous period ₹ 1.20 lac) in respect of Contribution to Superannuation Scheme being continued from Vardhman Textiles Limited (VTXL). In due course a new superannuation fund shall be got incorporated separately for the Company.

xi). **Segment Reporting:**

The Company operates only in one business segment viz. "Steel" which is the reportable segment in accordance with the requirements of Accounting Standard (AS)-17 on Segment Reporting prescribed by Companies (Accounting Standards) Rules, 2006.

xii). **Related Party Disclosure:**

Details of transactions entered into with related parties during the year as required by Accounting Standard (AS) - 18 on "Related Party Disclosures" prescribed by Companies (Accounting Standards) Rules, 2006. The Institute of Chartered Accountants of India are as under :

Particulars	Holding Company	Fellow Subsidiary Company	Key Management Personnel (KMP)	Enterprises over which KMP is able to exercise significant influence	Total as on 31 st March, 2012/ (31 st March, 2011)
Purchase/Processing of goods	- (6.20)	- (3.07)	-	60.63 (-)	60.63 (9.27)
Purchase of DEPB licences	- (257.66)	-	-	1,099.77 (-)	1,099.77 (257.66)
Interest received	- (10.80)	-	-	-	- (10.80)
Managerial Remuneration	-	-	163.19 (5.35)	-	163.19 (5.35)
Loan Given Including opening balance	- (2,561.00)	-	-	-	- (2,561.00)
Loan Repayment	- (2,561.00)	-	-	-	- (2,561.00)
Closing Balance of Loan	-	-	-	-	-
Interest Paid	- (23.72)	- (65.14)	-	586.19 (-)	586.19 (88.86)
Loan taken including opening balance	- (8,121.83)	- (3,202.00)	-	46,000.71 (-)	46,000.71 (11,323.83)
Loan Repayment	- (8,121.83)	-	-	39,427.05 (-)	39,427.05 (8,121.83)
Closing Balance of Loan	-	- (3,202.00)	-	6,573.66 (-)	6,573.66 (3,202.00)

*(Previous Period Figures in Brackets)

Note:

	Current Year	Previous Period
1. (a) Holding Company	Nil	Vardhman Textiles Limited
(b) Fellow Subsidiary Companies	Nil	-VTL Investments Limited -Vardhman Yarns & Threads Limited -Vardhman Acrylics Limited -Vardhman Nisshinbo Garments Company Limited -VMT Spinning Company Limited

Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

2. Key Management Personnel	Mr Sachit Jain
3. Enterprises over which Key Management Personnel (KMP) is able to exercise significant influence	-Vardhman Textiles Limited -Vardhman Holdings Limited -Vardhman Acrylics Limited -Vardhman Nisshinbo Garments Company Limited -Vardhman Yarns & Threads Limited -VTL Investments Limited -VMT Spinning Company Limited

xiii). Earning Per Share :

The calculation of Earnings Per Share (EPS) as disclosed in the Statement of Profit and Loss has been made in accordance with the requirements of Accounting Standard(AS)-20 on Earning Per Share prescribed by Companies (Accounting Standards) Rules, 2006.

xiv). Deferred Tax:

Accounting entries for deferred tax have been passed in accordance with the provisions of Accounting Standard (AS)-22 on 'Accounting for Taxes on Income' prescribed by Companies (Accounting Standards) Rules, 2006.

Deferred tax Asset/(Liability) (Net) as on 31st March, 2012 is as follows :

	As at 31 st March, 2012	As at 31 st March, 2011
Difference between Depreciation as per Companies Act,1956 and Income Tax Act, 1961	(457.25)	(475.19)
Less Deferred Tax Asset arising on account of expenses allowable for tax purposes when paid	44.70	61.65
Net Deferred Tax Asset/(Liability)	(412.55)	(413.54)
Deferred Tax Asset / (Liability) provided during the year and charged to Statement of Profit and Loss	0.99	9.01

xv. No asset qualifies for impairment for the current year according to AS-28 prescribed by Companies (Accounting Standards) Rules, 2006.

xvi. Figures in brackets indicate deductions.

xvii. Figures have been rounded off to nearest lacs. Figures for previous periods have been recast/regrouped, wherever necessary to make them comparable with current year's figures.

xviii. The information required by para 5 of general instructions of revised Schedule VI to the The Companies Act, 1956:

(A) CAPACITY	Unit	Licenced Capacity		Installed Capacity	
		As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2012	As at 31 st March, 2011
Billets	MT	N.A.	N.A.	1,00,000	1,00,000
Rolled Bars	MT	N.A.	N.A.	80,400	80,400

(Installed capacity has been certified by the management and not verified by the auditors being a technical matter.)

(B) ACTUAL PRODUCTION

	Unit	Year ended 31 st March, 2012	Period ended 31 st March, 2011
Billets	MT	99,893	25,292
Steel Bars	MT	96,780*	24,154*

Note :* Including a quantity of 29482 MT (Previous period 6125 MT) processed by others on job basis.

(C) PURCHASE OF FINISHED GOODS :

	Unit	QUANTITY	VALUE	QUANTITY	VALUE
Billet	MT	Nil	Nil	Nil	Nil
Steel Bars	MT	Nil	Nil	Nil	Nil

(D) SALES

Billet	MT	158	67.17	15	8.72
Steel Bars	MT	93,169	57,355.70	21,241	12,222.85
By Products/Waste	MT	1,475	464.61	499	144.95
Miscellaneous		-	181.49	-	67.50
Export Incentives		-	50.17	-	7.53
Total		-	58,119.14	-	12,451.55



Notes to the Financial Statements for the Year Ended 31st March, 2012

(₹ in Lacs)

(E) RAW MATERIAL CONSUMED

Iron and Steel Scrap	MT	116,007	26,391.21	29,310	6,026.65
Ferro Alloys	MT	-	4181.82	-	1,121.05
Total		-	30,573.03	-	7,147.70

Note: Raw Material Consumed includes Own Generated Material 12,356 MT (Previous Period 2,923 MT) at Nil Value

(F) STOCK PARTICULARS OF FINISHED GOODS

	UNIT	QUANTITY	VALUE	QUANTITY	VALUE
Opening Stock:					
Billets	MT	8,307	2,993.45	-	-
Steel Bars	MT	7,533	3,256.16	-	-
Transferred From Transferor Company					
Billets	MT	-	-	7,526	2,604.35
Steel Bars	MT	-	-	6,519	2,822.00
Closing Stock					
Billets	MT	3,195	1,348.64	8,307	2,993.45
Steel Bars	MT	8,849	4,967.60	7,533	3,256.16

(G) CIF VALUE OF IMPORTS:

	Year ended 31 st March, 2012	Period ended 31 st March, 2011
Components and Spare Parts	407.67	148.61
Capital Goods	158.14	27.01
Raw Material	7,203.20	1,762.13
Total	7,769.01	1,937.75

(H) EXPENDITURE IN FOREIGN CURRENCY

	Year ended 31 st March, 2012	Period ended 31 st March, 2011
Travelling out of India	20.45	0.86
Membership Fees	1.33	-
Technical Know how	34.64	-
Processing Fees to Bank	162.74	-
Total	219.16	0.86

(I) FOB VALUE OF EXPORTS

958.45 172.52

(J) VALUE OF RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED

	Year ended 31 st March, 2012		Period ended 31 st March, 2011	
		%		%
1. Raw Material				
Imported	9,948.60	32.54	2,076.02	29.00
Indigenous	20,624.43	67.46	5,071.68	71.00
Total	30,573.03	100.00	7,147.70	100.00
2. COMPONENTS AND SPARE PARTS				
Imported	418.73	7.67	232.94	16.91
Indigenous	5,038.60	92.32	1,144.31	83.09
Total	5,457.33	100.00	1,377.25	100.00

As per our report of even date attached

For S.S.Kothari Mehta & Co.

Chartered Accountants
(Firm Regn No.022150N)

For and on behalf of the Board

(CA Dinesh K.Abrol)
Partner
M.No.087899

Tanu Berry
Company Secretary

Naresh Bansal
General Manager

Suchita Jain
Director

Sachit Jain
Managing Director

Place : GURGAON
Dated : 21st APRIL, 2012

Place : GURGAON
Dated : 21st APRIL, 2012

VARDHMAN SPECIAL STEELS LIMITED

Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana - 141 010



PROXY FORM

I/We.....
of.....
in the Districtbeing a Member/Members
of **Vardhman Special Steels Limited** hereby appoint.....
of.....in the
Districtfailing him/her
.....of.....
.....in the District
as my/our proxy to vote for me/us on my/our behalf at the 2nd Annual General Meeting of the Company to be held at Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 10.00 a.m., on Saturday, the 1st day of September, 2012 and at any adjournment thereof.

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

Affix
Revenue
Stamp here

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 SPECIAL STEELS LIMITED

Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana - 141 010



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 SPECIAL STEELS LIMITED

Regd. Office: Vardhman Premises, Chandigarh Road, Ludhiana - 141 010



ATTENDANCE SLIP

I hereby record my presence at the 2nd Annual General Meeting of the above named Company being held at Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, at 10.00 a.m., on Saturday, the 1st day of September, 2012.

Full Name of the Member

(IN BLOCK LETTERS)

Signature

Folio No./ Client-ID No.

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.

(TEAR HERE)



Mr. S.P. Oswal, Chairman Vardhman Group, unveiling the foundation stone of the Rolling Mill Expansion Project



An aesthetic view of world class Bright Bars being manufactured at Vardhman Special Steels, Ludhiana